

Koreas Are Close To Talks

Seoul Proposal Is Accepted to Discuss Terms

By Susan Chira

TOKYO — North Korea agreed Monday to a South Korean proposal for the highest-level political and military talks since the Korean War.

Prime Minister Yon Hyung Mok of North Korea proposed that delegates from each side meet on Feb. 8 at the truce village of Panmunjom to discuss terms for a meeting between Mr. Yon and Prime Minister Kang Young Hoon of South Korea.

Mr. Yon made the proposal in a letter to Mr. Kang, according to South Korean news reports.

"The North and the South should remove the state of tension which is driving the same people toward disaster," Mr. Yon wrote. "We said the two Koreas should prepare a firm foundation for peaceful unification."

Both sides have proposed such meetings in the past, most recently South Korea in December.

But North Korea appeared Monday to accept South Korea's latest proposal for high-level talks without the explicit preconditions it has made before, such as abolishing the annual U.S.-South Korean joint military exercises.

Instead, Mr. Yon's letter said that to create a "good atmosphere for the talks," he expected a "proper effort" by Seoul not to hold the exercises this year.

The maneuvers are set to begin late next month and to continue until mid-April.

U.S.-South Korean military exercises have been conducted since 1976.

Mr. Yon also renewed a call for three-way talks between North and South Korea and the United States on political and military issues.

North and South Korea have never signed a peace treaty to formally end hostilities.

The North has insisted that the United States join any treaty talks. South Korea and the United States have rejected such a proposal.

The letter also showed continued North Korean resistance to South Korean proposals for talks on trade and family exchanges. So far, the only family exchange was held in September 1985.

Seoul is seeking to sign travel, trade and communications agreements with the North, officials said.

But there appeared to be little expectation in Seoul that Mr. Yon's letter would lead to a major breakthrough.

Since July, both North and South Korea have made several proposals for talks. But both sides have yet to overcome suspicions generated by decades of hostility.

North and South Korea have been meeting intermittently since August in an attempt to agree on terms for a joint meeting of their legislatures.

Bonn's Libya Crisis: Complex Anxieties

By Serge Schmemmann

BONN — In the two weeks since West German companies were accused of helping to outfit a suspect chemical plant in Libya, West German officials have gone from a petulant defensiveness to the surprising admission that they knew all about it long before the Americans told them of their concerns.

In so doing, Bonn displayed the complex anxieties of a nation whose economic and military power has outstripped the revival of its self-confidence.

It also disclosed a new, spreading sense of annoyance with the North Atlantic Treaty Organization, an

alliance whose many impositions and demands no longer seem justified to many Germans by the level of threat from the East they now perceive.

After the admission, even Germans were struck by the quickness with which Chancellor Helmut Kohl and many of his countrymen had indignantly lashed out at a "media campaign" in the United States, though the chancellor's aides knew better and Mr. Kohl might have foreseen the political risk given the information he had.

As one West German commentator suggested, Mr. Kohl really did seem to lose his temper or his nerve. As is now clear, this was not because he assumed Imhausen-Chemie GmbH, the German company that has been the focus of the uproar, to be innocent. More likely, Mr. Kohl, like many Germans, assumed that Washington had leaked the story to embarrass and put pressure on him and his government.

Some commentators have surmised that the Americans may have expected Foreign Minister Hans-Dietrich Genscher to challenge them at the chemical-weapons conference in Paris, and decided to put him in the dock instead.

In any case, Mr. Kohl apparently considered the disclosure unfair.

He evidently felt that he had done all he could after President Ronald Reagan had told him of the U.S. suspicions about the Libyan plant at a meeting on Nov. 15.

The chancellor had started clandestine investigations and finally initiated steps to revise West Germany's lax export laws and regulations, which the Americans had sought for many years.

In ordering the new export controls, Mr. Kohl thought he was tacitly accepting the long-standing U.S. charges, at the cost of opening himself up to a barrage of political accusations from the opposition on West Germany's secret sales of nuclear equipment and arms.

Mr. Kohl also stood to take on the power-export lobby, which was irritated by previous U.S. efforts to curtail German high-technology exports to Eastern Europe.

The leaks, moreover, forced the government to disclose its clandestine investigation and to order a public inquiry by finance authorities immediately, knowing that it would turn up nothing.

The repeated insistence by Mr. Kohl's spokesman that the Americans had not provided "evidence that stood up in court" reflected in part the memory that the last time Bonn had acted on U.S. information, in 1984 against Karl Koh Co., which Washington said was involved in building a gas plant in Iraq, the company sued the government and won.

Beyond the political problems was the emotional effect that the change of producing poison gases had on a nation that pioneered their use in World War I and which the Nazis extended to genocidal practice in the 1940s.

The invocation of Auschwitz in a New York Times column — one widely quoted and commented on — jabbed straight to the Germans' greatest angst, adding an emotional tinge to an already sensitive affair.

In the column on Jan. 1, William Safire wrote, "One might think that this generation of Germans, aware

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Martin Luther King Jr. Is Remembered

Edward J. Perkins, the U.S. ambassador to South Africa, unveiling a bust Monday of the Reverend Martin Luther King Jr. at the embassy in Pretoria. In Washington, President-elect George Bush praised Mr. King on the holiday marking the civil rights leader's birthday. Page 6.

Germans Conclude Libya Plant Is for Poison Gas

BONN — The West German government has concluded that a Libyan chemical plant built with the aid of West German companies is equipped to make poison gas, Finance Minister Gerhard Stoltenberg said Monday.

It was the first public sign that Bonn had accepted Washington's view that the Rabta plant near Tripoli was meant to make chemical weapons.

"We have to assume that at this factory there is a section that will

be able to produce poison gas," Mr. Stoltenberg said after his annual news conference on the budget.

"This assumption is based on concrete indications and reports."

Chancellor Helmut Kohl's government previously had insisted there was no hard evidence to back the U.S. allegations, based on intelligence-gathering. Libya has said the plant is designed to make only pharmaceuticals.

Mr. Stoltenberg refused to say when the government concluded that Rabta, 80 kilometers (50

miles) south of Tripoli, could make chemical weapons or what evidence Bonn had obtained.

But he said documents secured from the defunct Frankfurt office of Hans Barbour International, an engineering firm based in London, had "suggested a possible or suspected involvement by German firms in illegal activities" in Libya.

A West German chemical exporter, Imhausen-Chemie GmbH, said by U.S. officials to have played a pivotal role in building the plant, is under criminal investigation.

Government audits of several other West German companies in Munich and Hamburg also have been undertaken, the Finance Ministry said in a statement.

Mr. Stoltenberg said that Bonn had known of a possible West German business involvement in the Rabta plant last August, but had ordered no inquiry because the information was too vague. On Friday, the government said it had known since October of possible German involvement in the plant.

Mr. Stoltenberg, just back from talks in Washington, said Bonn's foreign intelligence service, or BND, had told government officials in early August that there were signs that West German exporters had helped Libya build the plant.

"The indications provided by the BND were so vague that, for legal reasons, the launching of executive measures were not justified," Mr. Stoltenberg said. He said the BND "emphatically urged" the government not to formally investigate Imhausen to avoid endangering further intelligence gathering.

Soviet Harvest Falls Short After Dry '88 Season

By Craig R. Whitney

MOSCOW — A Soviet official said Monday that the country's grain harvest last year had fallen 40 million metric tons short of the planned target of 235 million tons, according to preliminary estimates.

A U.S. Embassy official said that dry weather in the Soviet Union had affected the harvest just as it had in the United States and Canada last summer and that the Soviets were likely to make up the shortfall by buying grain, mainly for livestock, on Western markets.

Stepan Sitaryan, the first deputy chairman of the State Planning Committee, estimated the harvest at 195 million tons in answer to a question at a news conference. In September, the U.S. Agriculture Department had estimated that the total would be closer to 205 million tons, and more recently it had downgraded that to 200 million.

The U.S. interest in the harvest stems from the effect of Soviet grain purchases on the price of wheat and corn on international markets. When the Soviet Union first stepped in unexpectedly and began buying in a big way in the early 1970s, the effect was to sow chaos in the U.S. domestic market.

The U.S. government tried to restore order by bilateral agreements to make purchases more predictable.

After the Soviet Union sent troops into Afghanistan at the end of 1979, President Jimmy Carter embargoed U.S. grain exports, and since then Moscow has diversified its purchases, buying from Argentina, Canada and Australia.

Last November, the Soviet Union committed itself to buying no less than 9 million tons of American grain a year over the next two years and to consulting with the Agriculture Department if it needed more than 12 million tons.

"When they signed the extension, they had already bought 5 million tons of corn and soybean meal," a U.S. diplomat said Monday. "We've said we'd be able to meet our export commitments this year despite the drought, from grain we had in storage."

The diplomat said the bulk of the grain the Soviets took in this year was thought to be of high enough quality to make bread, so that most additional Soviet purchases from the West would probably be feed grain.

Soviet grain harvests reached a peak of 237 million tons in 1978.

In that year, Mikhail S. Gorbachev became the Communist Par-

ty's Central Committee secretary responsible for agriculture. The year after that, the harvest fell to 179 million tons, and 1981 was a disastrous 158 million tons. Mr. Gorbachev's last year in charge of agriculture, 1983, was his best, but the harvest was still only 192 million tons.

Since he became the country's leader in 1985, Soviet imports of grain from abroad have run close to 30 million tons a year. In 1984, the harvest was only 173 million tons, and the country had to buy more than 55 million tons abroad.

In 1987, the total was 211 million tons.

This year the Soviet Union has forecast that it would import 35 million tons, but some European grain traders quoted by Reuters said they thought it might actually buy closer to 40 million tons from abroad.

The shortfall in grain is one reason for the difficulty the Soviet government has in supplying the population with food, but only one. Soviet agriculture still feels the lingering effects of Stalin's forced collectivization of the farms and the deaths of millions of peasants in the 1930s.

Recently, Mr. Gorbachev has sought to encourage more efficient production of food, mainly by encouraging the private sector to take a bigger stake in the farm economy, but nothing much has changed out in the fields.

Last September, he put his conservative rival in the Politburo, Yegor K. Ligachev, in charge of the agricultural sector. In March, the Central Committee is to meet to see what else can be done to improve the situation.

Lease Protection

Mr. Gorbachev has urged that immediate steps be taken to protect those taking advantage of new rules that allow farmers to lease land, Reuters reported.

Supporters of Mr. Gorbachev have said the small farmers who take advantage of the rules are being obstructed by red tape and hostility from the state and collective farms with which they must work.

"With one hand they are continuing to grant the peasant 'freedom' and appeal to his sense of being a master," a leading commentator, Alexander Bovin, wrote in the weekly Moscow News.

"With the other they flood collective and state farms with papers, tightly swaddle leaseholders, trample underfoot any sprout of a farmer's spirit."

Aides Say Bush Plans to Stress Continuity and Install a Hands-On Style

By David Hoffman

WASHINGTON — After taking the oath of office Friday, George Bush intends to launch his administration with a focus on his personal style in an effort to signal that he will be an engaged and assertive president, according to his advisers.

This will be followed on Feb. 9 with an address to a joint session of Congress that may highlight a modest agenda of program ideas for a "kinder, gentler nation," as well as for the budget deficit, the advisers said.

Instead of an ambitious 100-day program, or a challenge to Congress to approve major legislation as Ronald Reagan did eight years ago, the opening of the Bush presidency

is likely to stress continuity, the advisers said. Mr. Bush said last week that he had not campaigned for "radical change" and was not inclined to ask for dramatic shifts.

In a reversal of the usual pattern, Mr. Bush is expected to devote

For U.S. inaugural, 200 companies and individuals are providing loans of \$100,000 each. Page 6.

heavy attention early in his term to foreign policy, the advisers said. In his first six months he may travel abroad three times: to Tokyo on Feb. 24 for the funeral of Emperor Hirohito, to Brussels for a spring meeting marking the 40th anniversary of the North Atlantic Treaty Organization, and to Paris in July for the annual summit meeting of

the seven leading industrial democracies.

One of his early priorities is to develop a joint Western response to Mikhail S. Gorbachev's troop-cut initiative in the Soviet Union.

With Congress firmly in Democratic hands and the deficit discouraging any expensive new programs, Mr. Bush intends to seek conciliation in the early phase of his presidency, the advisers said. A Princeton University political science professor, Fred Greenstein, said Mr. Bush had no other choice.

"You just can't beat them over the head," he said. "It would be hard to imagine using the same tactics that were used in the Reagan period."

According to a range of scholars, politicians and Bush advisers, the early agenda of the Bush presidency

will be much different from that of his predecessor.

Mr. Reagan took office amid demands for emergency action to stem inflation and check Soviet expansionism, but Mr. Bush arrives without any single gripping national problem and with polls showing that Americans are relatively satisfied with the country's direction.

Moreover, the deficit problem hangs over any other domestic initiative Mr. Bush may want to take. According to his advisers, the budget director-designate, Richard G. Darman, has been telling Mr. Bush that it will be almost impossible to pursue campaign initiatives that involve much new spending if he is also to make headway against the deficit without raising taxes.

Mr. Bush's advisers say they are

looking for ideas — such as a governors' conference on education, which Mr. Bush promised to convene — that will not add to the deficit.

Mr. Bush promised in the campaign to impose a "flexible freeze" on spending that would require cuts in some areas to offset increases in others, cuts that have yet to be detailed. The budget arithmetic, including expensive commitments for the savings and loan crisis and nuclear plant cleanup, may leave Mr. Bush with little or no room now for his own proposals.

"The overriding definition of '89 is going to be, 'There ain't no money,'" said Stephen Hess of the Brookings Institution, a research and policy organization. He and other policy analysts say they see Mr. Bush and the Congress going

through a period of testing and probing for compromise.

Governor Thomas H. Kean, Republican of New Jersey, said in an interview that he would like to see Mr. Bush open his presidency by

emphasizing drug-abuse and education issues. But he cautioned that Mr. Bush "has to keep the economy pumping."

"The deficit, when you combine

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Mexico to Try 46 Unionists

MEXICO CITY (UPI) — A judge has ordered 46 oil union leaders to stand trial on arms-smuggling and corruption charges. A union official said Monday that arrest warrants had been issued for as many as 35 others in the crackdown on the powerful union.

Among those ordered to stand trial were the former secretary-general of the union, Salvador Barragan Camacho, who is charged with illegal arms and possession of illegal weapons. Mr. Barragan and 16 others were denied bail until completion of their trials. The union leader, Joaquin Hernandez Galicia, is to appear in court on Wednesday.

General News

Three African National Congress members were sentenced to prison for planning land mines two years ago. Page 6.

General Jaruzelski urged a deal with rivals, an accord with Solidarity. Page 2.

Business/Finance

The OECD is starting a process that could open its doors to new members from Asia and Latin America. Page 13.

Weather

Forecast for Paris: Partly cloudy, 45 to 60. Page 2.

Dow Jones

The Dow Jones Industrial Average closed at 1,433. Page 7.

First Lady Has a Look Back Before Going Home

By Donnie Radcliffe



Mrs. Reagan: 'I never got involved in policy decisions or foreign affairs or whatever. I was only involved when I thought somebody was hurting Ronnie.'

WASHINGTON — The telephone was her lifeline to her old life in California. "It's absolutely true," she is saying. "But when you're 3,000 miles away, that's how you keep in contact. You have to feed a relationship. You just can't let it lie there for eight years."

And then Nancy Reagan starts to laugh. "When I die," she says, "I'm going to have a phone in one hand and my phone book in the other."

It is the final stretch in the Reagan presidency. In 200 years, only seven other wives of presidents have been first ladies as long as she has. History has long since judged them. Now, like it or not, it is her turn.

She has never been an introspective woman about her performance as first lady, and she seems no more ready to psychoanalyze herself now when it is over than she was starting out eight years ago. She gives away no insights about what she came to symbolize in this decade of conspicuous consumption. Instead, she focuses on her rocky beginning.

"The press was terrible," she said. "I mean, it was awful. I mean, you know what the press was the first year: it was terrible. And I never had — we had been in public life all of our lives — but I never had, I never had that happen to me."

"And so, you know — I guess everybody reacts differently. I tend to pull back and it's self-protection, really. And then there was the shooting, and after that, you kind of feel like you're going to go ahead and do what it is you're interested in. I mean, you become conscious of your mortality, your husband's."

Mrs. Reagan says reports of her influence were exaggerated.

"They kept repeating it and repeating it and repeating it," she said. "When they talk about power — 'She has such power' — that's not really true. I never had any — I never got involved in policy decisions or foreign affairs or Treasury or whatever. I was only involved when I thought somebody was hurting Ronnie. That's the only time I ever became involved."

She insists that she "had nothing to do" with the 1983 meeting between the Soviet ambassador, Anatoli F. Dobrynin, and Mr. Reagan, contrary to the assertion of a former Reagan secretary, Helene von Damme, in her just published book "At Reagan's Side." The book says Mrs. Reagan "schemed" with Secretary of State George P. Shultz to arrange the Oval Office meeting in February 1983 that helped take the chill off U.S.-Soviet relations.

"I'll say that I was all for a summit, I was all for a rapprochement between the two countries," she said, though not because of her husband's hard-line "evil empire" image.

"That was the image — that was like the image of me that was built up," she said. "There was an image of him that was built up that was incorrect."

She says she hopes historians will write "that I was interested and concerned with young people and tried to do something for them."

But she also leaves historians to ponder the question of whether she ever saw herself in an established role that was greater than being just wife of the president.

She is unapologetic, for instance, about continuing to borrow expensive designer dresses even though upon advice of White House counsel she had announced in late 1981 that she was discontinuing the practice. She dismisses the issue as something of more interest to people in the

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DOWN UNDER IN THE FIRST ROUND — Henri Leconte of France, the 6th seed, warming up for the Australian Open, which began on Monday in Melbourne. He was defeated in straight sets by Jan Gunnarsson of Sweden. Page 15.

More Sports in the IHT

With today's editions, the International Herald Tribune is expanding its sports section. This means fuller coverage of events around the world, additional scores and detail, and more of the wit, irreverence and controversy that characterize the IHT's view of sports.

The Trib's weather tables will also get new prominence, being placed for easy reference on Page 2, just beneath Travel Update. Readers will find the location of the crossword puzzle indexed in the Kiosk column on Page 1 every day.

Along with the new presentation of sports and weather, the IHT once again will be able to offer its readers a chess column on Tuesdays and a bridge column on Thursdays, Fridays and Saturdays.

Polish Leaders Ask Role for Opposition

By Jackson Diehl

WASHINGTON Post Service
WARSAW — The Communist leadership of Poland moved Monday to win approval from the party's Central Committee for landmark concessions to the political opposition, including moves toward the legalization of Solidarity.

In the climax of a struggle within the party, General Wojciech Jaruzelski, the party chief, and liberals in the leadership backed a policy resolution for the two-day meeting that would relax the party's long-standing opposition to union pluralism.

The policy would effectively open the way for restoration of the Soviet bloc's first independent labor movement.

Born in a series of strikes in August 1980, the legal existence of Solidarity ended in December 1981, when General Jaruzelski imposed martial law.

The move toward a compromise with the labor movement, which comes as the party faces deteriorating economic conditions and explosive popular discontent, has provoked opposition within the military, police and from an existing, Communist-backed union, party officials say.

Even as the plenum opened Monday, there were signs of a continuing internal struggle after a committee worked through the night to draft the wording of a proposed resolution.

In his opening address to the meeting, General Jaruzelski appeared to outline the proposed policy.

"Comrades, times have changed," he said. "We are aiming at new solutions, aware of the possible dangers but with the hope that others, too, have drawn the proper conclusions from the experiences of the past."

Without directly mentioning Solidarity, General Jaruzelski said, "What we need is to create a pluralism that would not be destructive or anarchistic, but would give a chance to rally Poles around a constructive national program."

In a later speech, the party ideologist, Marian Orzechowski, acknowledged that the debate was continuing.

He added that views were "changing and becoming polarized," over the "crucial dilemma" of whether to have more than one union in factories.

"Most party members favor one trade union per workplace," he said. But he added that "often this does not mean acceptance" of existing, Communist-led trade unions.

He concluded that "a sizable share of party members see the possibility of a new approach to trade union pluralism."

The strategy proposed by the leadership would involve negotiating the legalization of Solidarity with its leader, Lech Walesa, and his advisers within a broader "roundtable" of talks on the future of the country.

As part of any compromise, Solidarity would have to agree to support plans for stabilizing the economy through austerity measures and to accept severe restrictions on its activity, including a virtual ban on strikes, party officials said.

General Jaruzelski and other senior party officials also have suggested that the full restoration of the union would occur only gradually under a timetable of reforms that would be subject to negotiation.

The authorities envisage that the opposition will first form a "council of reconciliation" with the party, and nominate a minority block of candidates for election to the national legislature in the fall.

Mr. Walesa and the Solidarity leadership have agreed to some of the party's conditions, such as adherence to the restrictive 1982 trade union law, which places tough controls on strikes.

But opposition activists said any agreement between the government and the union would still probably require weeks or months of difficult negotiations even if the new party policy was approved.



Mr. Shultz arriving in Vienna on Monday. Greeting him were Warren Zimmern, left, chief U.S. delegate to the Conference on Security and Cooperation in Europe, and Stephen Ledogar, center, head of the U.S. delegation on conventional arms-control talks.

Shultz Urges End to Jamming Devices

By Robert Pear

VIENNA — Secretary of State George P. Shultz said the Soviet Union and its allies should dismantle the equipment they have used to jam radio broadcasts from the United States and other Western countries.

Mr. Shultz made the suggestion en route to his last diplomatic mission as secretary of state, a trip to Vienna to sign a major agreement that strengthens guarantees for the protection of human rights in 35 countries.

The agreement also clears the way for a new phase of East-West relations, setting forth the terms for the North Atlantic Treaty Organization and the Warsaw Pact to negotiate reductions in troops, tanks, heavy artillery and other conventional weapons across Europe, from the Atlantic Ocean to the Ural mountains, deep in the Soviet Union.

The secretary of state said that the jamming of Western radio broadcasts stopped last year.

"We don't want to see it reinstated," he said. "We think that the facilities by which you jam ought to be dismantled so that you can't start it up again."

The new agreement on human rights, to be signed in Vienna on Tuesday, endorses "a

freer and wider dissemination of information of all kinds."

Specifically, it stipulates that each of the 35 countries participating in the Conference on Security and Cooperation in Europe shall permit its citizens to hear foreign radio broadcasts, provided they are in compliance with international regulations.

The conference, to review the 1975 Helsinki accords on economic cooperation and human rights, has been meeting in Vienna since November 1986. It involves the Soviet Union, the United States, Canada and all European countries except Albania.

Mr. Shultz said that aides to President-elect George Bush were consulted on the ground rules for the conventional arms talks, which are scheduled to begin in Vienna on March 9.

"We talked to them," Mr. Shultz said. "We wouldn't set down a date if they weren't at least tacitly ready to have that done."

NATO, which has 16 members, contends that the seven-member Warsaw Pact has a large numerical advantage in troops, tanks, artillery and other conventional weapons.

The Soviet Union stopped jamming Russian-language broadcasts by the American-financed Radio Liberty and other foreign

radio stations in November. The move left foreign broadcasts to the Soviet Union clear of deliberate interference for the first time since the early 1950s.

Mr. Shultz said the Soviet government had made dramatic progress in improving respect for human rights.

"One of the acid tests always is the Berlin Wall," he said. "Until that wall comes down, it's just there, and it is more than a symbol. It tells you, by its very presence, that you still had a long way to go. Nevertheless, there are countless things that show that real progress has been made, particularly in the last two or three years."

Aides to Mr. Bush are reported to have expressed unhappiness with the Reagan administration's decision to agree to the holding of an international conference on human rights in Moscow in 1991. The aides contend that Mr. Bush should have been allowed to make that decision.

But Mr. Shultz said that no members of the Bush transition team had expressed such concerns to him.

"All I've heard is that they are glad to see that we've finished this up, so that they can go on with the balance of it," he said, referring to the Vienna conference.

Soviet Historians Reappraising Trotsky

By Craig R. Whitney

NEW YORK Times Service

MOSCOW — As they continue exposing Stalin's repressions and trying to correct the many distortions of official history, historians and journalists here have begun to sketch a clearer picture of a complex figure whose role in setting up

Soviet power was blotted out for 60 years: Leon Trotsky.

What emerges, as researchers begin to scratch beneath the now discredited version of history that Stalin left to posterity to reveal what lies underneath, is far from a rehabilitation of Trotsky or his ideology of permanent revolution.

But in the new version, Trotsky is no longer the traitor, subversive provocateur and spy that Stalin's propaganda made him out to be. The new history describes his close relationship to Lenin after the Bolsheviks seized power in 1917, and his contributions as war commissar in building the Red Army and winning the Civil War from 1918 to 1920.

It also portrays him as a man later blinded by personal ambition to succeed Lenin, spinning out unrealistic theories of "permanent revolution" that in the end played into Stalin's hands instead.

And almost every Soviet writer and historian now generally accepts the view that it was Stalin himself, not Lavrenti Beria, who ordered Trotsky's assassination. On Aug. 20, 1940, a Spanish Communist named Ramon Mercader smashed a mountain-climber's ax into Trotsky's skull in Coyoacan, a suburb of Mexico City. He died the next day.

None of this comes as news to Western historians, or independent-minded Soviet historians and writers long aware of the facts.

As with the recent revelations of Stalin's crimes, what is happening is that ordinary Soviet people are now being allowed to learn things long suppressed.

The historical truth is a weapon for the Gorbachev policy of economic restructuring — the necessary dialectical foundation for his attempt to replace the economic and social system Stalin put in place 60 years ago with a new system more in tune with modern times.

Adam B. Ulam, professor of government at Harvard University, said: "Trotsky is no longer the evil spirit of Russian history. He's simply a political leader who held rather unacceptable views in many ways."

As Mr. Ulam noted, the treatment given to Trotsky is not at all like the nearly complete rehabilitation accorded to another of the early revolutionary leaders, Nikolai I. Bukharin, whose ideas about how to develop the Soviet economy were more like Mikhail S. Gorbachev's than Stalin's. "They're having a modest personality cult with Bukharin," Mr. Ulam said.

"Before, Trotsky was just blacked out," Mr. Ulam said. "It's acknowledged now that Trotsky was war commissar. But mainly his story is being used to dump on Stalin."

The most recent assertion, that Stalin ordered the assassination, was published in the weekly Literaturnaya Gazeta on Jan. 4. The journal even named the Soviet secret police agent who provided \$5,000 and a false passport to the assassin — a colonel of the NKVD named Leonid Etingov, who used the pseudonyms Leontyev and Rabinovich.

The article by the historian Nikolai A. Vasetsky said, "Contemporary Trotskyists try to portray Trotsky's calls for a 'second revolution' in the U.S.S.R. as prophetic, considering the present policy of restructuring as the embodiment of a program of political revolution."

"But restructuring, first of all, means the elimination of deformation and distortion from the Leninist conception of socialism. The Trotskyist program became, in the

end, just a political game. In his struggle with Stalin, Trotsky tried to replace one 'ism' — Stalinism with another 'ism' — equally harmful to Leninism — Trotskyism."

Mr. Vasetsky's article, and one published in Pravda on Sept. 9 by Colonel General Dmitri Volkogonov, agreed that it was not Trotsky's ideological errors, as Stalin later asserted, but Trotsky's relentless ambition and constant calls to bring down Stalin that were the driving force of the clash between the two.

In Mr. Volkogonov's words:

In the new version, Trotsky is no longer the traitor, subversive provocateur and spy that Stalin's propaganda made him out to be.

"Trotsky, in the years when he was active in the party, was not an enemy of the revolution or of socialism. But he was the enemy of Stalin. The source of his tragedy lay not so much in his struggle with Stalinism as in his struggle with Stalin for power."

Ray A. Medvedev, the Marxist historian who was thrown out of the Communist Party in 1969 for exposing Stalin's misdeeds 20 years before it became officially permissible to do it, said:

"You have to realize that one reason for the surge in articles about the figures of the past is that now there is no generally recognized official history. The old textbooks were full of 'white spots' — omissions — and known to be false. For that reason, we couldn't hold examinations in history courses last summer. Unless you know about Trotsky, you can't write the history of the October Revolution or the Civil War — so it's a requirement of this new stage in the development of our ideology."

Mr. Volkogonov's article told how Trotsky's close relationship to Lenin during the Civil War, and his superior intellect, drove Stalin to fits of jealousy. Soviet readers have now been able to read how Stalin conspired against Trotsky after Lenin's death, sent him into internal exile in 1928, banned him from the country in 1929, and deprived him and his family of Soviet citizenship in 1932.

Mr. Vasetsky's article quoted from Trotsky's diaries from 1935: "If neither Lenin nor I had been in Petersburg, there wouldn't have been any October Revolution."

Another entry the same year refers to Grigori Zinoviev, exiled with Lev B. Kamenev after both were found guilty of plotting against Stalin in the show trial of 1936:

"Zinoviev told me, with some embarrassment, 'You don't think Stalin hasn't discussed the question of your physical elimination?' He has both thought of it and discussed it. Take the necessary measure."

He did, but in the end they were inadequate.

WORLD BRIEFS

Israel Warns Parents of Arab Rioters

JERUSALEM (Reuters) — Israel warned Palestinians on Monday that their houses would be sealed, their shops closed and their property confiscated if they failed to stop their children from throwing stones at Israeli troops and civilians.

Brigadier General Arieh Ramot, head of Israel's civil administration in the occupied Gaza Strip, said a new "war against stones" policy would mean long prison terms for stone-throwers and large sums in bail money for parents.

Troops shot dead an Arab teen-ager in the occupied West Bank on Monday and a Gaza youth died of wounds suffered on Saturday. The deaths raised to 10 the number of Palestinians killed by Israeli gunfire since Thursday.

Goh Claims Leadership in Singapore

SINGAPORE (AFP) — First Deputy Prime Minister Goh Chok Tong announced Monday that he was in charge of the Singapore government and that Prime Minister Lee Kuan Yew was moving into a secondary role.

In a note read out in parliament Monday by the speaker, Tan Sook Chuan, Mr. Goh said that any questions for government should be addressed to him instead of Mr. Lee. Mr. Goh said that he had chosen cabinet ministers and that his team was "unswerving for the performance of government, not the prime minister." According to Mr. Goh, Mr. Lee simply presides over cabinet meetings, "like the chairman of the board of a large corporation," and gives advice.

Mr. Lee, 65, who is expected to step down within two years, indicated in September that a shift of power had begun, saying that the "pace and direction" of Singapore affairs were in Mr. Goh's hands.

Soviets, in Philippines, Discuss Bases

MANILA (AP) — Visiting Soviet officials said Moscow would like to see U.S. military bases in the Philippines closed by the end of the century, according to a Philippine senator who met Monday with the delegation. "They want to see that, by the year 2000, they would like to see all foreign troops in foreign countries to go back to their native land," Senator Leticia Ramos-Shahani said.

The four-member Soviet group, led by a former cosmonaut, Valentina Tereshkova, met earlier with President Corason C. Aquino. Mrs. Aquino said a Philippine delegation would visit the Soviet Union, probably in April, to discuss prospects for increased trade and an invitation for Mrs. Aquino to visit Moscow at an undetermined date.

U.S.-French Air-Sea Maneuvers Set

PARIS (AFP) — French and U.S. forces will conduct joint air and sea exercises in the western Mediterranean in the first two weeks of February, a source close to the French naval command said Monday.

Along with about 20 warships, the French aircraft carriers Clemenceau and Foch and the U.S. carrier Theodore Roosevelt are scheduled to participate in the maneuvers, which will involve landings on Corsica and the south coast of the French mainland.

The source said the exercises had been planned since April and have no connection with the downing Jan. 4 of two Libyan MIG-23s by U.S. Navy planes in waters off the Libyan coast.

Prague Police Disperse Second Rally

VIENNA (Reuters) — Police broke up a central Prague demonstration for a second straight day on Monday, dissident sources said, as activists continued seeking to commemorate the 20th anniversary of a protest suicide.

The sources said that at least 10 members of the Charter 77 human rights group laid flowers in Wenceslas Square, where Jan Palach set himself aflame Jan. 16, 1969, in protest of the Soviet-led invasion the previous August.

Police fired three water cannon, forcing a crowd of more than 500 demonstrators out of the square before sealing it off; on Sunday, police had dispersed more than 4,000 people in the square and vicinity.

For the Record

A former Northern Ireland reserve policeman was shot and killed in County Donegal, in the Irish Republic, while dropping off his girlfriend, the police said Monday. No group has claimed responsibility. (UPI)

Prime Minister Andreas Papandreu canceled a meeting with President Christos Stergiakis because of a cold, the government announced. They had been expected to discuss the nation's political crisis. (AP)

TRAVEL UPDATE

Iberia Cancels Flights Due to Strike

MADRID (AP) — Problems due to a monthlong series of strikes by jet mechanics have forced state-owned Iberia airlines to cancel a quarter of its scheduled flights until the dispute is settled, a company official said Monday.

Andres Castro said the company had canceled about 100 of its 350 to 450 daily flights because of "personnel shortages and an accumulation of work" caused by seven 24-hour strikes by the Spanish Association of Aircraft Maintenance Technicians.

Mr. Castro said Iberia had canceled flights to and from Algeria, Austria, Belgium, Britain, Canada, Denmark, France, Greece, Ireland, Italy, Morocco, Mexico, the Netherlands, Portugal, Sweden, Switzerland, Tunisia, Turkey, West Germany and numerous domestic points. "There are going to be cancellations until the conflict is resolved," he added.

Italian Air Travel Heavily Disrupted

ROME (AP) — Strikes by pilots and air controllers forced cancellation of hundreds of flights in central and southern Italy on Monday while dense fog in the north closed most airports.

At least 272 national and international flights were canceled because of the strikes, about half of the normal daily traffic. Many more flights from northern airports were expected to be canceled because of fog.

Transavia, a unit of Singapore Airlines, is to start flying from Singapore to Frankfurt, Thailand, by late next month, the airline said Monday. Later, the airline is to add flights to Pattaya in Thailand, Cebu in the Philippines and Rangoon, Burma. (AFP)

Labour's subway was closed for the second time in less than a month Monday as workers held a 24-hour strike, which shut all service. The workers are demanding that the workweek be reduced to 40 hours from the current 45 hours. (Reuters)

Correction

Because of an editing error, William Waldegrave, the British deputy foreign minister, was incorrectly identified as a cabinet minister in Monday's editions.

WEATHER

EUROPE				MIDDLE EAST			
	HIGH	LOW			HIGH	LOW	
Algeria	64	44	F	Amman	64	44	F
Athens	64	44	F	Bahrain	64	44	F
Bombay	64	44	F	Beirut	64	44	F
Buenos Aires	64	44	F	Brussels	64	44	F
Calcutta	64	44	F	Cairo	64	44	F
Cardiff	64	44	F	Damascus	64	44	F
Chennai	64	44	F	Dhaka	64	44	F
Copenhagen	64	44	F	Hanoi	64	44	F
Dublin	64	44	F	Harbin	64	44	F
Frankfurt	64	44	F	Hong Kong	64	44	F
Geneva	64	44	F	Jaipur	64	44	F
Helsinki	64	44	F	Kobe	64	44	F
London	64	44	F	Manila	64	44	F
Lyon	64	44	F	Medan	64	44	F
Moscow	64	44	F	Osaka	64	44	F
Paris	64	44	F	Seoul	64	44	F
Prague	64	44	F	Singapore	64	44	F
Rangoon	64	44	F	Taipei	64	44	F
Reykjavik	64	44	F	Tokyo	64	44	F
Rome	64	44	F	Yokohama	64	44	F
Stockholm	64	44	F				
Taipei	64	44	F				
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Netherlands** Fl.	06-222 08 15	600	492	340	185
Norway** N.Kr.	(02) 41 34 99*	2,000	1,276	1,100	600
Portugal** Esc.	(01) 80 71 23*	26,000	32,240	14,300	7,900
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Sweden** S.Kr.	(08) 21 01 90*	2,000	1,276	1,100	600
Switzerland** S.Fr.	046 05 68 00	455	455	255	141
Rest Europe, N. Afr., N. Africa, India, S. Asia, S. Africa, Latin America	—	470	Varies by country	290	145
Rest of Afr., Gulf States, S. Asia, S. Africa, Latin America	—	620	—	340	190
Central/Latin America	—	540	—	295	160

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Fur Flies in the U.S. as Animal Rights Proponents Resort to More Extreme Tactics

By Katherine Bishop

SAN FRANCISCO — Irwin Roberts, whose fur store has been at the same central San Francisco location for 30 years, has taken to having customers who buy fur coats escorted out a back entrance by a security guard.

At Stanford University, mice being used in research aimed at discovering a vaccine against AIDS are under 24-hour guard. And the Benetton Cosmetics Corp. has stopped using animals to test its products after its stores were picketed in several countries.

These are signs of the growing influence of the animal-rights movement, a loose coalition of groups representing a wide variety of goals and tactics.

At one end are mainstream organizations like the Society for the Prevention of Cruelty to Animals, which uses advertising and telephone campaigns to encourage better treatment of animals but whose members do not necessarily object to meat eating, leather shoes or the use of animals for medical research.

At the other end are shadowy groups like the Animal Liberation Front, whose members believe that animals are

entitled to many of the same rights as people and that violent and illegal tactics are justified to disrupt what they judge to be cruelty against animals.

These groups insist on strict vegetarianism, denounce any use of animals in laboratories and even forswear wool clothing because sheep can be milked in the shearing.

While most animal rights proponents distance themselves from the extremists, many in the mainstream groups have refused to repudiate actions that have destroyed laboratories, fur shops and livestock farms.

The targets of animal rights organizations say the more radical philosophy is gaining influence and they point to an increase in violent acts.

The FBI has declared the Animal Liberation Front a terrorist group. And in November, an animal rights advocate from New York, Fran Stephanie Trust, was arrested and charged with planning a bomb at a Norwalk, Connecticut, company that uses dogs to test its surgical staples.

"Some of these people believe that every insect, every mouse has as much right to life as a human," said Dr. Irving Weissman, a professor in the department of pathology at Stanford whose laboratory is responsible for the

AIDS study. "We make a commitment to humans and their lives, and that's our critical driving force."

Nonetheless, the movement has won victories in improving the treatment of animals used in medical research, sometimes at the cost of ending a project altogether.

Spokesmen for the movement say it is growing rapidly. People for the Ethical Treatment of Animals said its membership has risen from 8,000 in 1983 to 250,000 this year, and Bradley Miller, head of the Humane Farming Association, says his group has doubled to 45,000 members since it began a campaign against cruelty to veal calves a year ago.

Families visiting the zoo or the circus are increasingly likely to encounter pickets arguing that the animals inside have been "enslaved."

A woman considering the purchase of a fur coat may find a card in the pocket declaring that "wearing their fur is as glamorous as drinking their blood."

Homeowners with a rodent problem are asked to use a device that catches a mouse alive. Lobsters have been "liberated" from restaurants and returned to the ocean.

Alex Pacheco, chairman of People for the Ethical Treatment of Animals, says his group believes that all animals have the same right as humans to life and freedom from being subjected to experiments.

"We feel that animals have the same rights as a retarded human child, because they are equal mentally in terms of dependence on others," he said.

The tactics of animal rights groups differ markedly. The Humane Farming Association's campaign on veal is being carried out mainly through advertisements in U.S. magazines like *The Atlantic*.

They attack the practice of confining calves in tiny pens and withholding solid food in order to command the higher price paid for what is advertised as milk-fed veal.

The most visible effort this season is against the fur industry. While much of it consists of legal picketing and appeals to consumers to boycott stores selling fur, manufacturers and retail outlets in San Francisco and New York have had windows broken and their establishments defaced by graffiti and red paint.

"There's been a steady increase in violence," said Tom Riley, vice president of the Fur Retailers Information

Council, which tracks the efforts of more than 200 animal rights organizations in cooperation with the U.S. Department of Justice.

Mr. Riley said Jewish furriers in New York had been the targets of anti-Semitic messages and graffiti equating the use of animal fur with the Holocaust.

Fur sales are booming despite the activists' campaign. Sales rose from \$612 million in 1977 to \$1.8 billion in 1987, Mr. Riley said. They were projected to be \$2 billion in 1988, he said.

Animal rights groups have achieved particular success in their campaign against using animals for cosmetics testing that is not required by law.

Cosmetics and pharmaceutical concerns have increasingly turned to new methods, including testing products on the membrane of fertilized chicken eggs.

But even testing on fertilized eggs would not pass muster for the Animal Liberation Front, because it considers such eggs as living things entitled to better treatment.

The Federal Bureau of Investigation is pursuing the Animal Liberation Front under anti-terrorism laws.

Panamanians Despair Of Saving the Economy

By Lindsey Gruson

PANAMA CITY — In a country whose bedrock was the unshakable conviction that tomorrow could only be better, hopelessness has grown until it now appears to define the national mood.

"We're in a dead-end tunnel without light, and they're waiting for us with machine guns. There's no way out, and there's no hope at all,"

skipped skyscrapers still shimmer in the light that streaks off Panama Bay. But that only highlights the spreading shabbiness and decay.

"For Sale" and "For Rent" signs hang in deserted stores that line the once-fashionable central shopping districts. Garbage, left uncollected, tumbles through the streets, driven by the sudden squalls.

A handful of adults and a dozen or more children, many barefoot and obviously hungry, sell fruit and trinkets on street corners.

Traffic slows to a crawl at main thoroughfares. Traffic lights, which stopped working months ago, have been removed, leaving only frayed wires. At night, the city, which prided itself on the diversity of after-hours entertainment, seems almost deserted.

Opposition strategists said the languishing effort to topple General Noriega had, at best, led to a stalemate. The general is too unpopular — except perhaps with the armed forces — to sweep away the opposition, but it is too weak and disorganized to oust him.



General Manuel Antonio Noriega, the Panamanian leader.

Alonso Fernández, founder of Moltreza, an opposition party.

Moltreza, one of the main parties opposed to General Manuel Antonio Noriega, the Panamanian military leader. "There's no way out, and there's no hope at all."

The 18-month-old campaign, backed by the United States, to force the resignation of the general is widely seen in Panama as a failure that has left the opposition cowed, confused and dispirited.

The hopelessness is rooted in the common belief that General Noriega, 54, can survive the collapse of the economy, which by some estimates has contracted by 40 percent since the crisis began. Once Central America's financial star, Panama City now looks more like a relic from the Depression.

The capital remains the region's most modern, workable city. Its sweeping rows of glass-

skipped skyscrapers still shimmer in the light that streaks off Panama Bay. But that only highlights the spreading shabbiness and decay.

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Even optimists acknowledge that an immediate end to the crisis would not save the economy. By all accounts, many sectors like banking and financial services, which collapsed in a liquidity crisis in early 1988, will never fully recover.

Pessimists talk about the "Central Americanization" of Panama, by which they mean a prolonged downward spiral of political polarization and growing distance between rich and poor, leading to violence.

"There's no democratic way out," said César Pereira Burgos, a former deputy in the National Assembly and a senior member of the Liberal Party's national directorate. "A violent confrontation is coming. This can only end with guerrillas."

But the State Department also related its rules for other U.S. officials abroad, making it possible for them to socialize with PLO representatives if they avoided the so-called "matter at hand."

One U.S. ambassador sought clarification on what precisely American diplomats could discuss and was instructed that "anything up to 1948" was allowed.

The result of the new rules has been a flurry of receptions in which a PLO man is inevitably dragged to meet the available U.S. diplomat.

"People think it's neat to get the Americans and the PLO together," a diplomat said. "There's an irre-

U.S.-PLO Meetings Are Life of the Party

By Jane Friedman

WASHINGTON — The Christmas holiday season here is rarely a time of unusual excitement, Egypt being a predominantly Moslem country. But this year it was novel for many U.S. diplomats and representatives of the Palestine Liberation Organization, who, for the first time in over a decade, were running into each other at parties and talking.

The socializing continues as diplomats after Third World diplomat plays matchmaker between the Americans and the PLO in a city that has more than 100 embassies and holds countless diplomatic receptions.

Although the diplomats say that the task of gathering information has not been made easier by such casual — and chaperoned — contact, they agree that they are finally able to match the faces and the names of PLO representatives they had never been able to meet.

Another U.S. diplomat said he found comfort in the restrictions on discussing substantive issues. "We don't want to send a policy signal to the PLO that we're wide open," he said. "There's a practical danger of a multiplicity of channels and a multiplicity of signals."

U.S. May Ease Business Bans With Libya

WASHINGTON — President Ronald Reagan is expected to lift some prohibitions this week against U.S. oil companies' doing business in Libya to prevent them from losing their assets there, according to administration officials.

The measure, which specifically apply to U.S. oil companies in Libya, would have no effect on the comprehensive economic sanctions against Libya that have been in effect since 1986 and that were renewed for another year earlier this month, the officials said Sunday.

The move is being contemplated despite heightened tensions with Libya over the U.S. downing of two Libyan warplanes in the Mediterranean and U.S. assertions that Libya is building a factory capable of producing chemical weapons.

But Mr. Reagan is likely to go ahead with the move so that the delicate matter will be resolved before President-elect George Bush takes office, the officials said.

If Mr. Reagan lifts the restrictions, the oil companies will be allowed to operate through subsidiaries or third-party interests or sell off their assets, administration officials said.

At a Christmas party in Cairo, the U.S. ambassador, Frank Wisner, met Mr. Kamal, a PLO moderate, the meeting was somewhat disappointing.

He said he suggested to Mr. Wisner that the Israeli intelligence agency, Mossad, may have been responsible for blowing up the Pan American jumbo jet over Scotland in December, killing 270 people. This apparently occurred two days before higher-level PLO officials made the same suggestion. According to Mr. Kamal, Mr. Wisner politely said he would pass the information on to Mr. Palestrean. That ended that.

A spokeswoman for the U.S. Embassy said that Mr. Wisner would not comment on the encounter, and that the embassy would not comment on such meetings.

Several U.S. diplomats have had similar experiences. One of them was introduced to PLO representatives at a handful of Cairo functions, including a reception at the Lebanese Embassy.

But the U.S. diplomats largely back away into silence if discussions with PLO representatives turn serious. And PLO representatives are never dinner or reception guests of U.S. diplomats.

"You won't find Sayed Kamal at Frank Wisner's," a diplomat said.

Another U.S. diplomat said he found comfort in the restrictions on discussing substantive issues. "We don't want to send a policy signal to the PLO that we're wide open," he said. "There's a practical danger of a multiplicity of channels and a multiplicity of signals."

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Bolivia Drug War Frustrates U.S. Agents

By Michael Isikoff

CHIMORE, Bolivia — A Vietnam-era helicopter chugged down over a steamy rain forest, unloading a U.S. drug agent, Michael Perez, and a U.S. Bolivian team for a hike through thick underbrush and snake-infested streams to search for primitive drug "factories" concealed in the jungle.

In the past several months, Drug Enforcement Administration agents like Mr. Perez, armed with AR-15 assault rifles, have carried out dozens of similar missions here, the face of hostile peasants and mounting death threats.

"This is a perfect textbook example of guerrilla warfare," said Mr. Perez, 31 and serving his second tour in this remote region of central Bolivia. "You never know who's who — who's a good guy and who's a bad guy."

Such is the murky conflict in the Chapare, a tropical valley that has become a battle zone in the U.S. war on drugs. Over the past year, teams of U.S. agents have been

dispatched here to wage an aggressive paramilitary campaign designed to put a crimp in the booming Bolivian drug trade.

Officially, the agents are here as "advisers" to the Leopards, Bolivia's U.S.-trained anti-narcotics militia. In fact, the agents — about 30 at a time — have moved to the front lines.

They serve as the Leopards' de facto commanders, blowing up airstrips, raiding jungle laboratories, searching village markets and burning primitive factories — barrels and sticks around small ditches where local farmers mash coca leaves and kerosene into goopy paste, the first step in the production of cocaine.

These missions are part of a larger South American operation, code-named Snowcap, and represent a significant escalation in the drug administration's overseas role. Frustrated over efforts to halt drugs at the border or dry up demand at home, some U.S. officials argue that the future of the nation's drug war lies at the source.

Since Snowcap began early last

year, about 100 agents have been flown into the region on a rotating basis. Six-man U.S. Border Patrol teams have been dispatched to set up local roadblocks. Special Forces members are at Chimore's military-style base camp, too, training the Leopards in counterinsurgency techniques.

More than 2,400 coca-mashing sites have been burned, 4,400 gallons of drug-making chemicals have been confiscated and more than 1,000 traffickers have been arrested.

Yet, these maneuvers have put no serious dent in the Chapare's coca traffic. Many raids have gone sour, undermined by widespread peasant resistance, faulty intelligence and endemic corruption among the Bolivian military and police.

"There's a fundamental mismatch here, said the U.S. ambassador, Robert S. Gearty. "We've got street cops from Cincinnati trying to fight a war in the jungle. We have to take a really fresh look at what we're doing."

The heart of the struggle is economic, not military, according to many U.S. officials. In a decade, the Chapare's population has doubled, to about 300,000 campesinos, or peasants — 90 percent of whom grow, process or market enough coca leaves to supply about one-third of the U.S. cocaine market.

In July 1986, when the coca trade was raging out of control here, President Victor Paz Estenssoro asked for U.S. help, and 170 soldiers arrived. For the next four months, traffickers and peasants fled the area and the price of coca leaves plummeted.

But when political opposition to the U.S. presence mounted, the troops departed and coca trade flourished anew. Snowcap is partly an effort to dampen it again without alienating political sensitivities, U.S. officials said. No public announcement of the program was ever made, and some elements of Snowcap — its overall cost, the number of agents involved — remain classified.

But a similar pattern seems evident. Peasant opposition has been increasing rapidly, fed by a steady trafficker-financed propaganda campaign depicting the U.S. agency as an oppressor of the Bolivian people.

The traffickers "know everything we're doing," said John Baker, an administration agent. "They know when we leave. They know when we come back. They've got people working for them right in this camp."

Then there is the perennial problem of the Leopards, a 550-member anti-narcotics police unit created with U.S. funding in 1983. The Leopards were once touted by U.S. officials as a model for Latin America. Today, about half of their commanders are suspected of taking cash payoffs from drug traffickers, U.S. agents said.

The corruption underscores the most salient fact about Bolivia's anti-drug efforts. South America's poorest country, with a per capita income of less than \$500, is economically hooked on coca. Illegal coca exports are estimated to generate about \$600 million a year in revenues, more than all of Bolivia's legal exports combined.

Russia Cut Trade With Cuba 12% in First Quarter of '88

New York Times Service

WASHINGTON — The Soviet Union reduced its trade with Cuba by 12 percent in the first quarter of 1988, according to documents of the Cuban National Bank made available here.

That and other figures, presented to Western government creditors at a meeting in Paris in June, offered the clearest evidence to date of Soviet intentions to trim what has amounted to a subsidy of about \$5 billion a year to keep the Cuban economy going.

The material provided a grim portrait of the Cuban economy. It showed a 3.5-percent decline in 1987 in Cuba's output of goods and services and a fall of 4.7 percent in what the documents describe as the "special consumption sector" of the economy — services in health, education and recreation that President Fidel Castro has tried to promote as the principal achievements of his revolution.

Mr. Castro has bluntly rejected the new policies the Soviet president, Mikhail S. Gorbachev, for

openness and economic restructuring through promotion of entrepreneurship, known as *perestroika*.

The Soviet Union, which, according to Cuban National Bank data, accounts for 80 percent of Cuban exports and imports, buys Cuban sugar for inflated prices and provides Cuba with oil, food, machinery, spare parts, chemicals and many other vital goods. In the first quarter of last year, Cuban imports from the Soviet Union fell by 8 percent, to \$1.09 billion, from \$1.19 billion in the first quarter of 1987.

Exports to the Soviet Union fell 14 percent, from \$1.62 billion to \$1.39 billion, according to tables in the report, which also showed declining trade between Cuba and other Communist countries.

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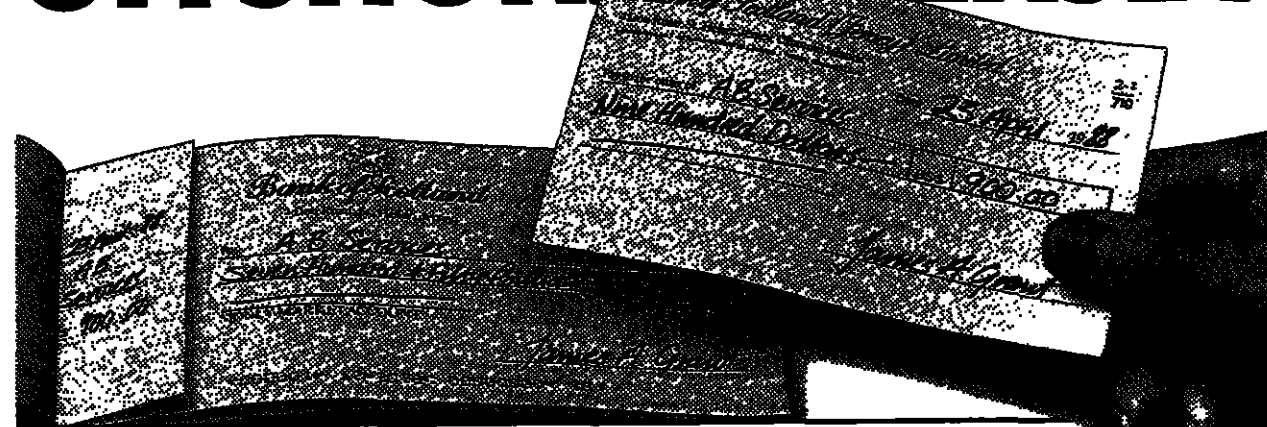
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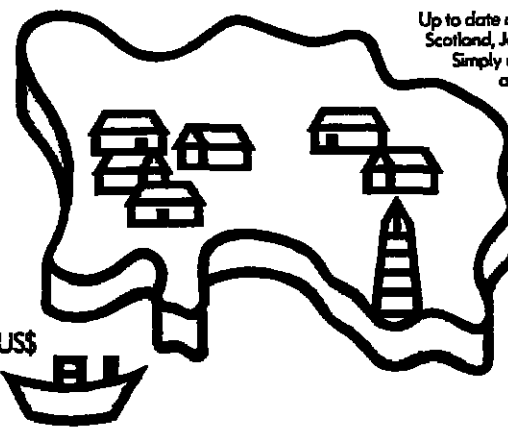
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INTERNATIONAL Herald Tribune

Published With The New York Times and The Washington Post

Not Peace in the Gulf

The Iran-Iraq war goes to the top of the list of disputes that most people casually tick off as having been fixed in 1988. The Gulf is cited, as well, as one of the places where the United Nations has been working its suddenly rediscovered peacemaking magic. It is still not time for vaudeville celebrations, however. Last summer's cease-fire holds but there are those who, observing the unceasing rearming, the continued high level of military readiness and the mutual threats and recriminations, would not be surprised to see hostilities resume. The most diligent efforts of the United Nations have failed to break the stalemate that the two sides quickly reached in Geneva. The Iranians have said they will not go back until the secretary-general finds a way.

There is a school of thought holding that a cease-fire born of mutual weariness is the most that could possibly be expected from two leaders as defiant and demanding as Iraq's Saddam Hussein and Iran's Ayatollah Ruhollah Khomeini. By this view, the talks that the UN secretary-general organized to resolve the disputed issues between — navigation, the border and so on — miss the point of their deep personal, national and

ideological hostility. Diplomacy is not here a way to ease differences; that is for the future. Diplomacy is the conduct of war by other, more generally acceptable means.

The principal issue in the Geneva talks is the disposition of the disputed Shatt al Arab waterway. Iraq wants its entire width, which would ensure access to Iran's Abadan and Khorramshahr, too. Iran wants to restore the prewar line of sovereignty which ran down the middle of the waterway.

Why is Iraq so grabby? Saddam Hussein entered the cease-fire on a military and political roll. He apparently feels he must justify, by picking off a real national plumb, the huge losses he inflicted on his country when he launched what he thought would be a cheap and easy war in 1980. It went on for eight years. Peace could be at least that far away. Iran is no mean bargainer itself.

The general interest of other countries remains to keep Iran and Iraq at the table, no matter what. There is also a specific interest in regard to each country. Iraq: No more poison gas. Iran: See that the hostages are freed.

— THE WASHINGTON POST.

A Campaign for 1989

"Many white Americans of good will have never connected bigotry with economic exploitation. They have deplored prejudice but tolerated or ignored economic injustice. But the Negro knows that these two evils have a malignant kinship."

Thus did Martin Luther King Jr. call attention in the 1960s to what has coalesced in the 1980s as the crisis of the black American underclass. But a new poll suggests that whites as well as blacks are finally awake to the need for urgent action.

The NAACP Legal Defense and Educational Fund released the results of its specially commissioned poll last week. It showed blacks and whites "worlds apart" in perceptions of race relations: Most whites think that racial equality is a fact; most blacks think it is pure fiction. Still, the poll found that a "solid base of support, white and black, for positive action on race relations, particularly in improving the situation of the persistently poor." It found such solid support for a long list of responses: motivating children of the underclass to stay in school; enterprise zones to attract jobs to

inner cities; tax-supported job programs; more drug and alcohol treatment; "Youth Corps" camps for education and training. Also, two-thirds of both whites and blacks favor scattered-site construction of low- and moderate-income housing.

The poll might also have addressed another widely approved approach: early childhood intervention. Prenatal care for poor mothers, developmental day care, parent education and teen-age pregnancy prevention — all promise handsome payoffs in social welfare spending now and healthy lives far into the 21st century.

After eight years in which America's top leadership too often averted its eyes from problems of racial and economic equity, Washington seems ready to tackle such problems again. President-elect George Bush has sent encouraging signals, notwithstanding the constraints imposed by huge budget deficits. Congress appears disposed to respond. America may finally be ready in 1989 for what Martin Luther King was pressing at his death in 1968 — a poor people's campaign. Nothing would honor him better.

— THE NEW YORK TIMES.

Help for Battered Wives

Many women who are the victims of abuse by their husbands are too frightened or too embarrassed to admit that they are being beaten. Sometimes, when injuries are severe, they wind up in emergency rooms with implausible stories of falls or household accidents, and unless the injury is severe or the doctor particularly solicitous, they are treated and discharged. As more has been learned about the problems of battered women, however, the medical profession in America has become increasingly concerned about the need to assume a more active role in protecting these patients and taking steps, where possible, to prevent further abuse.

Early this month information packets were sent to all 27,000 members of the American College of Obstetricians and Gynecologists, the physicians who, in the course of practice, are most likely to encounter women at risk. The material, which is practical and comprehensive, does not assume that these specialists are best equipped to treat traumatic injury or even to offer counseling. Its aim is to encourage the doctors to be aware of signs of abuse — specifically, injuries to the head, neck, chest and arms that are consistent with warding off blows — and to try to draw the patient out about how those injuries were received.

What is a doctor's responsibility when he sees an abused woman? The ACOG guidelines do not suggest that a physician take on the role of a social worker or lawyer. But there is more that can be done than dressing wounds. A pamphlet has been prepared that gives a woman information on the causes and characteristics of such abuse, and hard facts on the danger that such conduct poses not only for herself but for her children. There are practical suggestions for avoiding violence, for leaving the home in time of danger and, most important, for getting help. A hot-line number and a suggested reading list are also offered. A different set of materials, more detailed and medically technical, is provided for the physicians.

Doctors, like other busy professionals, may be inclined to focus on the problems that are brought to them and not seek out other difficulties that the patient doesn't raise herself. But now these doctors have been urged to look for certain symptoms and to offer specific help. This will not always be easy, nor will it always be successful, for denial is often a woman's first recourse. But by taking the initiative and by educating both doctors and patients, the ACOG has surely done a service and will save some lives.

— THE WASHINGTON POST.

Other Comment

He Should Have Done Better

Outgoing state leaders are usually given a great amount of tolerance when they exaggerate the significance of what they perceive to be their past achievements. President Ronald Reagan's farewell address, however, delivered last week from the White House to the people of the United States, not only was marked with some omissions but was so loaded with self-praise of his White House years that it became quite taxing even for U.S. allies and friends around the world. We, of course, would consider speeches such as that one to be strictly an internal affair, reflecting perhaps the prevailing political culture in the United States. If it were not for that country's vital role as a global power and the moral claims Mr. Reagan has made in terms of his country's global leadership.

He described America as a "shining city upon a hill," but so many of America's friends around the world, including Indonesians, were baffled with such a great power should exert so much effort to eliminate a foreign ruler like Panama's General Manuel Noriega and could allow itself to be trapped in deadly deals as the Iran-contra arms affair. During Mr. Reagan's presidency, the United States [should] have exerted the sort of leadership that we expect from a democratic global power to tackle the debt problems of developing

nations and global environmental problems. As the United States will have a new president this week, we hope that George Bush will be less compulsive in satisfying the need for self-praise and spend more time listening to the rest of the world.

— The Jakarta Post.

Putting Israel on the Spot

There have been predictable fulminations against the diplomacy in Tunis between William Waldegrave, Foreign Office minister, and Yasser Arafat, the recognized leader of the Palestinian people. Particular offense has been taken in Israel at Mr. Waldegrave's justified assertion that since the Israeli Prime Minister, Yitzhak Shamir, and Mr. Arafat share the status of reformed terrorists, it is illogical of the one to refuse to parley with the other. The minister has been judicious in putting Israel on the spot, and his mission is by no means dead. There is no sense in Israel fighting the trend. Just as overtures from the Soviet Union obliged us to revise our attitudes to East-West relations, so the recent PLO concessions call for an Israeli change of heart. While we have every sympathy for a nation and a people who have suffered so much in the past and feel surrounded by a ring of enemies, the ball is now in Israel's court. It must not be seen to refuse to take any for an answer.

— The Daily Telegraph (London).

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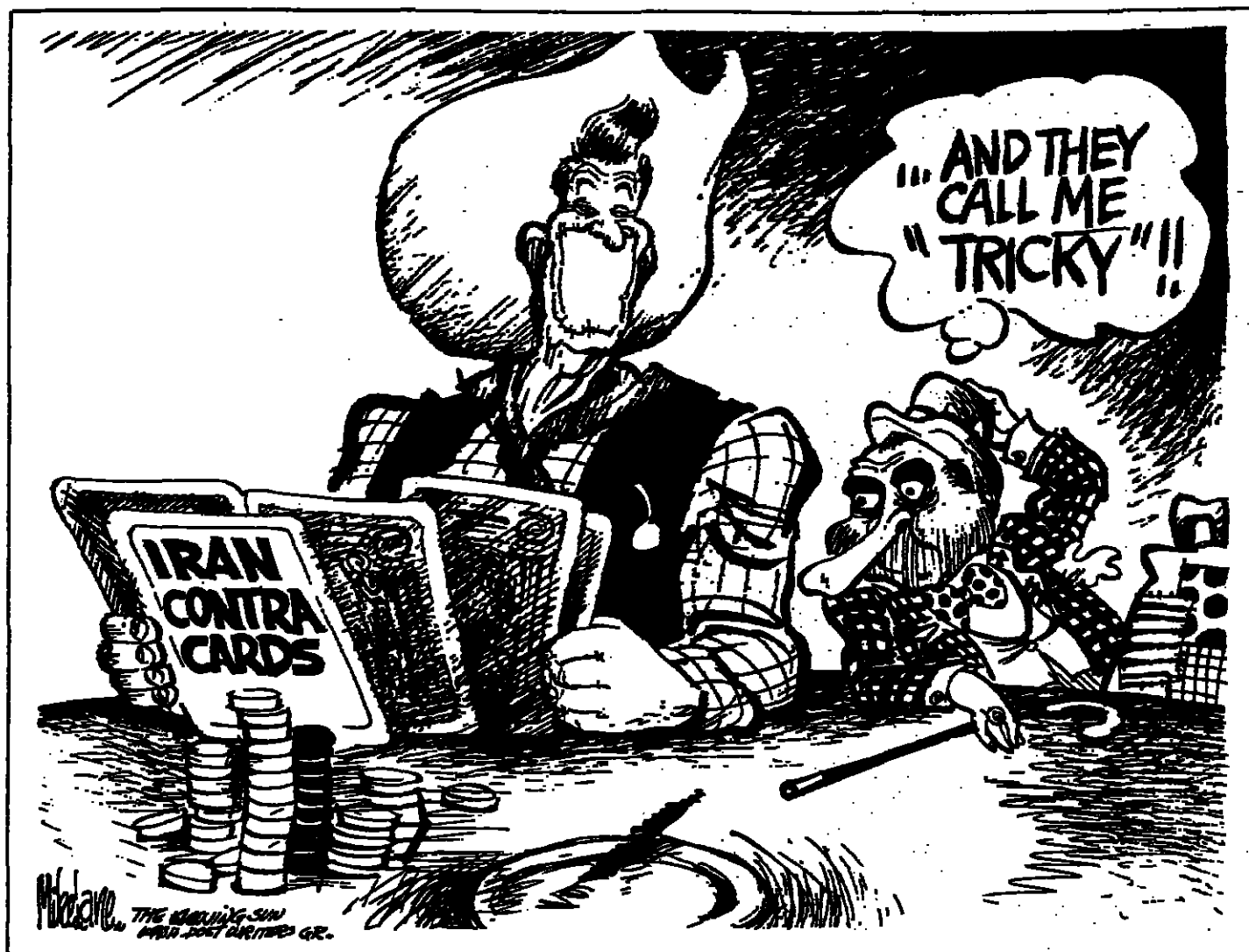
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OPINION



Foreign Policy: Back Comes the Establishment

By David Ignatius

This is the first of two articles.

WASHINGTON — When James Baker was nominated as secretary of state last November, he did something surprisingly old-fashioned. He consulted his predecessors: Dean Rusk, William Rogers, Henry Kissinger, Cyrus Vance, George Shultz. The Wise Men. The foreign policy Establishment.

Mr. Baker's quest for advice was reminiscent of a similar search in 1960. David Halberstam recalls in "The Best and the Brightest" how President-elect John Kennedy prepared for office by soliciting advice from the foreign policy elite, beginning with former Secretary of Defense Robert Lovett, "the very embodiment of the Establishment." It was a way of tapping into the legacy of George Marshall and Dean Acheson, the world of Groton and Andover and Harvard and Yale. Mr. Lovett advised Mr. Kennedy to choose an adopted son of the Establishment, Dean Rusk, as his secretary of state.

Mr. Baker's decision to reach back into the past for advice — back to Dean Rusk himself — symbolizes what may be the distinguishing characteristic of the Bush presidency: The Establishment — the virtu-

ous but sometimes arrogant elite that gave us the American Century and the Vietnam War — is returning to power after nearly 20 years in the post-Vietnam wilderness.

Look at the inauguration podium on Friday and here is what you will see: President George Herbert Walker Bush (Andover and Yale), a man who has devoted most of his adult life to the Establishment ideal of public service; Secretary of State-designate Baker (Hill School and Princeton); Secretary of the Treasury Nicholas Brady (St. Marks and Princeton); and the wings, two trusted exiles: Brent Scowcroft and Lawrence Eagleburger, the designated national security adviser and deputy secretary of state — who prepped at the most elite finishing school of all, Henry Kissinger's National Security Council staff.

Mr. Bush's cabinet, as R. W. Apple has written in The New York Times, is largely a group of "white male governmental professionals or semiprofessionals." Most of whom play tennis.

The Establishment is back — not just the individuals and the pedigrees

but the state of mind. The buzzwords in George Bush's Washington are "public service," "bipartisan foreign policy," "partnership with Congress." Behind these phrases lies an important change in philosophy. In Mr. Bush's Washington, government is no longer regarded as the enemy. It is seen again, as it was 25 years ago, as a venue for doing good in the world, for promoting virtue. It seeks a kinder, gentler — and less political — America.

"It was of course about politics," Mr. Halberstam wrote of the Establishment of 1961. "It feared the right ... and it feared the left; it held what was proclaimed to be the center. More often than not it was Republican, though it hedged its bets."

He could have been talking about George Bush's Washington. Who today disagrees with the bipartisan view on foreign policy? Who, indeed, disagrees about anything in Washington these days?

Consensus is back in fashion. The era of confrontation is over. The government-haters are gone; the government-lovers are backing change. Close

your eyes on Friday and you may feel for a moment as if you have fallen back into a time before Vietnam.

What a change from the populist ethos that brought Ronald Reagan and Jimmy Carter to office! The country in those days was fed up with the gentlemen who celebrated public service and gave the country the Vietnam War. People were angry not just at the McNamaras and Ruskis but at the Bushes and Bakers and Kissingers. According to political analyst William Schneider, populist resentment of the do-gooder elite has been the most consistent theme in American politics during the past 20 years. The public, not without reason, resented the Establishment and its moral presumption to leadership.

The authentic voice of George Bush is the one we heard during a 1987 Republican debate in Houston: "I'm not anti-government. When I was at the CIA, I ran into some of the finest, most public-spirited people I've ever served with ... Don't blame those that make a lifetime of service to the government. Give them the kind of leadership they need, and they'll follow and get the job done."

— The Washington Post.

East Asians and East Europeans Are Flirting

By Gerald Segal and Adrian Hyde-Price

LONDON — Hungary has led East European states in establishing all but formal diplomatic relations with South Korea, a dynamic bastion of market-oriented capitalism and the arch-arch-enemy of Communist North Korea. The Hungarian president told a Japanese newspaper recently that he expects to see formal diplomatic ties established with Seoul at the end of next month.

Nearly every East European country has established some sort of official trade relationship with South Korea. East Germany is a notable exception. Only Hungary has talked of imminent diplomatic links. But this new pragmatism in economic relations is symptomatic of a breakdown of old international barriers and a search for alternative linkages. The implications are important for Europeans and Asians alike.

It is not just a case of smaller states seeking independence from their superpower patrons. The Soviet Union and the United States have encouraged détente between Eastern Europe and South Korea, and developing ties between East Europe and Taiwan as well. China's two-way trade with South Korea, worth about \$3 billion a year, also helps set the trend.

The alacrity with which the East Europeans and the newly industrialized countries of East

Asia have developed trade links not only shows that they have gained a greater degree of independence. New economic, and perhaps political, alignments may be in the making.

Staunchly anti-Communist South Korea and Taiwan are berated by the United States for alleged unfair trade practices. So they seek other friends, even in the Communist world.

Japan will not be far behind in striking similar deals in future. The global economy would receive a major jolt if Tokyo sought relief from trade conflicts with the United States by much more extensive economic collaboration with China and the Soviet Union.

The East Europeans are being told by Moscow to find their own models of socialism. So they seek the most advantageous arrangements they can get for international trade. Once the fruits of this greater independence are tasted, it is hard to be told to forget the sweet sensation.

The East Europeans have also been allowed to establish party-to-party ties with China before the Soviet Union does so.

There are unpalatable implications for smaller states that fail to take up these economic and political challenges. East Germany's reluctance to trade with South Korea is symptomatic both of an

unreformed leadership and of a sensitivity to the diplomatic niceties of being a divided nation.

It is true that the East Germans were so anxious to prove themselves at the Seoul Olympics in September that they upset the North Koreans by taking part in the Games. But the East Germans remain acutely aware of how it feels to be bullied by friends on how to handle the politics of a divided nation.

In Asia, it is North Korea that risks its place at the dawn of the Pacific century by failing to explore new economic and political contacts. As in the case of East Germany, failure to reform will lead to isolation and decline.

There are some lessons and warnings in all this for Western Europe. It is clear that if the attractions of trade with East Asia are obvious even to Eastern Europe, the European Community needs to take the market-oriented economies of the Far East more seriously and not treat them simply as a threat. However, there is also a risk that increased cooperation between East Asia and Eastern Europe will provide Asian trading nations with additional ways of penetrating EC markets.

The writers are research fellows at the Royal Institute of International Affairs. Mr. Segal is editor of The Pacific Review. They contributed this comment to the International Herald Tribune.

AIDS: Africans Are Starting to Take It Seriously

By Jim Hoagland

LUSAKA, Zambia — The people who are dying of AIDS in impoverished Africa are different from the people who are dying of AIDS in affluent America, but they are provoking similar debates over national resources as the politics of AIDS spreads with the disease.

In America, the political, economic and emotional responses to the spread of AIDS have turned on one central fact: About 89 percent of those who have been diagnosed as having AIDS contracted it through homosexual activity or intravenous drug use.

In central Africa, where between 1 and 1.5 million people are estimated to have been infected by the AIDS virus, the disease is spread almost entirely by heterosexual contact. It hits men and women equally.

Moreover, as many as one-third of those infected are young professionals — the managers, government officials or other white-collar workers who run their countries' political and economic establishments. These hundreds of thousands of "mainstream" African victims of AIDS cannot be blinked away by their societies as marginal characters whose perverse or illegal behavior has come home to roost. While promiscuity and prostitution are certainly factors in the spread of AIDS in Africa, this behavior is not rejected in urban African society in the way drug use and homosexuality are in America.

"The impact of AIDS on Africa's future is almost certain to be devastating," Dr. Mervyn F. Silverman, president of the American foundation for AIDS research and the source of the statistics cited in this article, told a

workshop sponsored here by the African-American Institute of New York. "AIDS exposes the weak spots of health care systems. It can overwhelm them if the consequences of this disease are not recognized."

Dr. Silverman has no firm answers on why AIDS is spread by heterosexual contact, a major factor in the disease's spread in Africa and Europe. He guesses that the high incidence of other sexually transmitted diseases and of ulcerated genitals in African AIDS victims account for this pattern.

His presentation drew polite but quick criticism from African medical professionals present at the session. They fear that the white industrial countries of the Northern Hemisphere may encourage distortions in Africa's health care networks by placing excessive emphasis on AIDS research here.

"We can get funding for AIDS projects with little delay," one of these professionals said, "but you could talk until your hair falls out before you would get anything for malaria or diarrhea, which kill many more Africans every year than AIDS does."

More is involved than the faddish or morbid interest in AIDS shown by many in the West. There is also a strong self-interest factor in putting money into AIDS research in Africa. "People in America or Europe don't feel threatened by malaria or diarrhea," Dr. Silverman pointed out.

For some of his African interlocutors, self-interest translates as a kind of cultural imperialism in which the West listens to pleas for money to fight AIDS but will not listen to Afri-

cans' views that other diseases deserve at least as much support and priority. This is beginning to stir a cultural backlash in Africa that could complicate the already difficult and painful process of caring for AIDS victims.

Western donors will need to pay more attention to this emotional response, which stems from long frustration over the power that outside forces have held over Africa's destiny.

The first step that needs to be taken, the African health professionals argued, is for Western donors to be less bureaucratic and less stringent in demanding that funds given for one purpose should not be used in conjunction with other projects. Nurses and vehicles used for AIDS testing, for example, could also be used to test for other diseases.

I found the most interesting part of this exchange not that the African participants had come with suspicions and criticisms — that has been a fairly prominent reaction on their part to the West over the past three decades — but that they had come with well thought out and feasible answers to the problems. It is a sign that Africa is getting through the denial phase of dealing with AIDS.

Initially, the fear that a global AIDS panic focused on Africa as a primary source of the disease would harm tourism and foreign investment caused governments in Africa to deny that they had a major problem on their hands. But nearly 18 months ago President Kenneth Kaunda of Zambia broke that silence by announcing that his son had died of AIDS and telling

Africa that it could not escape the problem by shutting its eyes.

It was an example of presidential leadership on a difficult and emotional problem. This kind of leadership has been all too rare not only in Africa but also in America in the last eight years. Out of Africa comes an idea for Americans: Deal with AIDS forthrightly, and as an important part of a national health strategy.

— The Washington Post.

100, 75 AND 50 YEARS AGO

1889: Germans in Samoa

NEW YORK — President Grover Cleveland has forwarded a message to Congress on the question of Samoa, in which he says that Germany still asserts that she has no desire or intention of overturning the native Samoan Government or ignoring American treaty rights, and still invites the United States to join her in restoring peace in the islands. The President declares, however, that her proposals on the subject seem calculated to lead to such a preponderance of German power in Samoa as has never been contemplated by the United States, and is inconsistent with every prior agreement or understanding, while her recent conduct, as between the native warring factions, arouses the suspicion that she is not content with the neutral position of Samoa.

1939: Japan to Retaliate?

TOKIO — Possible means of retaliation against pressure being brought upon Japan by Great Britain and the United States is being seriously considered by Nipponese officials. This attitude was evident following presentation of the British note which followed the line of the United States note in rejecting the thesis of a "closed door" to China. The parallel British and American policies, the Japanese feel, are designed to check the expansionist plans of Japan. BURGOS — Caravan, sixty-five miles west of Barcelona, fell before the Nationalist onslaught today (Jan. 16), along with four villages, following last night's capture of Tarrega. The government has made no attempt to find the gravity of the present situation.

1914: Suffragists Rejoice

NEW YORK — Suffragists are jubilant because Colorado has elected a

In Winter, Forebodings Of Drought

By Tom Wicker

ROCHESTER, Vermont — The meadow beneath my window is brown and the mountains beyond are more neatly gray with mist than white with snow. Is this merely a momentary setback for winter — a harbinger, in the middle of a cold Vermont winter, of another damaging drought next summer?

If the latter, these bare brown fields are of real significance, and not just to American farmers. They could mean that millions of the world's people, mostly in the poorest countries, will be facing a disaster: food shortage this year, and probably into the next decade.

As I understand a complicated story, even unusual climatic events in the Pacific Ocean realm last year — moving the jet stream's flow across the United States substantially to the north. That in turn was the basic cause of the intense drought that baked much of the United States and caused the country's grain harvest, for perhaps the only time in history, to fall below consumption — by an estimated 11 million metric tons.

The jet stream apparently is within its altered course, which may account in part for the unusually low winter precipitation I can verify by looking out my window. If that continues to be true this coming summer, another drought and another drastic drop in grain production could be on the way.

The consequences of that are detailed by Lester Brown and John Young in the November-December 1988 issue of World Watch magazine. The United States, they explain, typically harvests 300 million tons of grain, consumes 200 million tons and exports or reserves the rest. But the 1988 crop was only 191 million tons, with domestic consumption taking 202 million tons, reserve stocks had to be used both to bridge the gap and to provide grain for export.

U.S. grain production in 1987 was also below normal — only 277 million tons. The effect on world supplies of these two bad years back-to-back was drastic, because the world depends so heavily on the United States and Canada for its grain. In 1988 they exported 119 million tons of grain, against only 22 million for Western Europe, the next-largest exporter.

The world already would be in "food emergency" had there not been record stocks of grain on hand at the beginning of 1987 to replace harvesting shortfalls that year and in 1988. As it is, Mr. Brown and Mr. Young estimate, "world carryover stocks will drop to 34 days of consumption" before the 1989 harvest.

That is dangerously low. When world grain reserves were at a record high of 100 days in 1967, they could have fed the world, if necessary, for nearly 101 days. In 1972, when only 57 days of grain reserves were available, world grain prices doubled. What will happen, the two authors ask, if a drought in 1989 is comparable in severity to that of 1987? Their answer is chilling.

"U.S. grain exports would slow to a trickle. The world would face a food emergency for which there is no precedent in the decades since North America emerged as the world's breadbasket. There would be a frantic scramble for the available supplies as world grain prices soared to record levels. Affluent countries might be forced to consider curtailing their use of feed grain so that poor nations did not starve."

Even if the jet stream returns to a more usual course, harvests could still be down in this and coming years, owing to the so-called greenhouse effect — a general warming of the earth's atmosphere, caused by the excessive discharge of carbon dioxide and other gases. Scientists disagree about the seriousness of the problem, but most agree that there is one — and laymen hardly have to be told that the five warmest years of the last century occurred in the '80s, topped by 1988.

A rise of 3 to 8 degrees Fahrenheit in average global temperatures, as computer models suggest, could happen by the year 2030 if no global action is taken. That obviously would damage farm productivity seriously.

Even today, with grain available but unevenly distributed, about 950 million of the world's people are provided too few calories to do a day's work; 50 percent live in poor countries. That is bound to get worse, drought or no drought, greenhouse or no greenhouse, since United Nations experts predict that by 2025 today's world-wide population of 5 billion will have reached 8.2 billion. Most of the growth will be in poor countries.

Let's hope I am seeing an ordinary January through my window, instead of bad news from the jet stream.

— The New York Times.

OPINION

Germans, Too, Are Asking: What Did Germans Know?

By William Safire

WASHINGTON — What did they know and when did they know it? This question about an official cover-up of illegal acts, familiar to America's Watergate fans, is now being asked by a belatedly aroused free press in West Germany.

Certainly for months and probably for years, the Kohl-Genscher-Stoltenberg government had evidence that Todt's German "merchants of death" — were illegally supplying the technical know-how and materials for the production of poison gas in Iraq, Syria and Libya, as well as missile technology that would help Third World dictators hold the world's cities hostage to the poor man's atomic bomb.

But the men at the top of the world's largest exporting nation were afflicted with *Wunschdenken*, the stubbornly wishful thinking that enabled a previous generation to blind itself to the passing of innocents. Today's German leaders did not want to know who built the plant for Iraq in Samarra that enabled Saddam Hussein to wipe out 5,000 Kurds with ease, or what German companies were building the plant south of Tripoli, ringed by Soviet SAM missiles, that would make Colonel Mouammar Gadhafi far more capable of carrying out his threats to exterminate Israel and escalate his terrorism against the United States.

They arrogantly turned aside tips and protests from U.S. officials for years, including recent pleas from President Reagan and Secretary of State George Shultz. Only when the reporters Stephen

Engelberg and Michael Gordon broke the story in The New York Times, with those detailed revelations prominently displayed in the International Herald Tribune, were German leaders moved to deal with the scandal.

They covered up. The evidence offered by others was not conclusive, they said, as if that were a reason for failing to investigate it themselves. Voluminous recordings and photographs "would not stand up in court," they insisted, as if they were defending democratic due process and not obstructing the exposure of a moral outrage. They concealed their earlier guilty knowledge and inaction in an explosion of indignation at what one government TV lapdog called "the Jewish press" in America.

When the term "Auschwitz-in-the-sand" was used in this space (IHT, Jan. 3) to describe Colonel Gadhafi's poison gas factory, Foreign Minister Hans-Dietrich Genscher's chief of staff, Hans-Dietrich Engel, denounced me for "impertinence" and for trivializing the old war crimes as "small change and slapstick." Rudolf Angstein, boss of the often anti-American newsmagazine *Der Spiegel*, decided any interpretation of Colonel Gadhafi's vows to exterminate Israel as any kind of Final Solution. "Come on, William," heuffed the offended media mogul, "you must have lost some of your marbles."

Then Mr. Angstein, instructing me to "look for other smiles and reproaches in order to ease your conscience and to insult us," adopted what the Goebbels



'Perhaps we could interest you in global supremacy through pharmaceutical investment?'

Propaganda Ministry used to call the technique of the Big Lie: "Who has prevented, and keeps on preventing, the outlawing of chemical weapons worldwide? It was the U.S.A. and it remains the U.S.A." This is a bold-faced lie. The United States has for years led the world in seeking a global ban on producing and stockpiling poison gas that would include on-site challenge inspections, which the Soviets and Geneva fellow travelers resist.

Fortunately for the reputation and self-respect of the free people of the Federal Republic, a competing publication set a team of reporters to work investigat-

ing the covered-up charges. The magazine *Stern*, by superb on-the-spot digging, showed the denials by officials to be a tissue of lies and shamed one prosecutor into launching a criminal investigation.

Then the Belgian government, in contrast to Bonn's legalistic foot-dragging, arrested the Antwerp shipper who knows which German companies wanted phony papers. Finally Chancellor Kohl's official spokesman, knowing that a third German magazine, *Bunte*, was about to publish documents proving that the Kohl-Genscher-Stoltenberg crowd was forewarned by the sieve that passes for Bonn's spy agency, pre-empt-

ively admitted prior knowledge. Now Rudolf the Red-Faced Presslord shows signs of permitting his deeply scooped *Der Spiegel* reporters to mirror the investigative journalism of *Stern*.

Genschergate? We'll see; already the nimble foreign minister is distancing himself from his Kohl coalition partners in an effort to appear spotless. Real democracies do not tolerate cover-ups. The Federal Republic is going through a painful crisis of self-examination, led by an unflinching press, which will illuminate the character of this generation of Germans.

The New York Times.

If It's Burgundy, It's Got Flies and a Treetop Cow

By David Preston

PARIS — Louis the fly flew his last flight the other day. Which reminded me of the Beast of Burgundy.

Louis, which he would have pronounced *Lo-ee* if he was a French fly, which he probably was since seen in the sunlight he was without doubt wearing Pierre Cardin jeans, was either a fly with no sense of timing or one of nature's better survivors. Every other fly in the apartment had either winged it south to the Côte d'Azur or died quietly in a corner, but Louis continued to sally forth

center for anything that flies and can get through the window cracks. Mites, wasps, boric acid, things without names. But mostly flies. Flies that have a very rude way of perishing during the night and causing to choke anyone who likes to sleep with his mouth open to take advantage of the country air.

One night before trudging upstairs to throw a mosquito net over my mouth, I'm sitting in front of the fireplace reading a deep sociological study of quaint British customs in which three persons have been caught unwares by an ax murderer in the first 50 pages. It's deep going. So deep that John scares the bejesus out of me when he comes out of his bedroom and says: "What's that?"

What that is, which I haven't heard, is a certain heavy rustling in the trees across the road from the cottage. Which, being close to John's bedroom, has somewhat disturbed the peace of mind a fellow would like to nod off with.

We open the door, not too wide, and in a minute I say, with all the assurance of a childhood spent on a farm in the wilds of Ohio, "Why, it's just the cows in the field eating apples, old chap."

The old chap comes from the book I've been reading. The bit of condescending knowledge I've just imparted comes from I don't know where, because after John trundles back to dreamland and I'm standing there in the doorway getting in a couple of yawns myself, it strikes me:

Cows don't climb trees! Not only do cows not climb trees, but this heavy rustling and shaking of branches is coming from up in the tree. And it ain't no pudgy fat, Elmer.

What does John care? Nothing. Does he know cows? This guy is from La Jolla, California. Surf city. Milk is something imported from Mexico. He thinks Bossie does her own pasteurizing.

He's asleep. Not me. Nosireee! I get that door shut and I build me a fire, 'cause I've read somewhere that beasts are afraid of flames and who knows what kind of beasts lurk down here in Burgundy. I'm just hoping that I haven't read this bit of survival lore in some sociological study of quaint British customs, and that whoever passed it on was a tad more accurate than I was about the cows.

Night passes, and this one passed, slowly, and I'm here to tell you that the Beast of Burgundy did not attack. Maybe it was the fire, which scorched me several times. I figured that whatever could climb a tree could climb into a loft. And wouldn't be afraid of a few flies. To this day I haven't the slightest need to find out what it was.

Never found out who the ax murderer was, either. But, as Louis would tell you if he could, life is full of very mysterious and unfinished business.

International Herald Tribune.

LETTERS TO THE EDITOR

Poison Gas: Of Course Germans Want the Truth Quickly

I often wonder why so little of the sense William Safire usually makes in his "On Language" column comes across on the editorial page. Take his recent exercise in German-bashing, "Germany Can't Ignore Auschwitz-in-the-Sand" (Jan. 3).

First of all, his comparison is way off. During the Third Reich, millions of Germans more or less enthusiastically tolerated or actively participated in campaigns against people who were called worthless or dangerous because of their religion, origin, opposition to the Nazis or some other illegitimate reason. In the end, millions were murdered by government order. Now a few firms with perhaps a few hundred employees may have delivered parts of a poison gas factory to Libya. So Mr. Safire asks, "Can it be that the 'good Germans' are at it again?"

Of course, the "moral reaction from West Germans with consciences" (of whom there are many, I am certain) is "to demand the whole truth quickly."

Mr. Safire asks whether Chancellor Helmut Kohl considers it "legal and moral for Bonn to permit certain of its well-connected nationals to help terrorize the world." I wonder whether Mr. Safire remembers a certain North American government — except those who were "out of the loop," of course — which shipped TOW missiles to "moderates" in a country considered by that very same government to be ruled by terrorists.

Apart from that, even if the West German government acted illegally and immorally, it would not suggest that a whole country is having a relapse and is ready to commit genocide.

In diplomacy, shouldn't the same principle that Americans cherish at home apply: Innocent until proven guilty? And should the United States always feel compelled to assume the role of international policeman?

FRANK STARROST.
Niebüll, West Germany.

Your reporting on German politics, theater and music is often amusing, sometimes enlightening, rarely hurtful. However, Mr. Safire's column was malicious, a product of hatred and a shame for the author.

JUSTUS ALENFELD.
Kronberg, West Germany.

Mr. Safire quoted, without naming, William Garrison, the American abolitionist who said, "I will not equivocate! I will not retreat an inch! And I will be heard!" ("On Gas and the Germans: I Won't Retreat an Inch," Jan. 10).

Garrison's life was consumed by one obsession: abolishing slavery in the United States. For that cause he published articles but also burned the Constitution, toured the country speaking to crowds and took them on when they became mobs. He was at once visionary, obnoxious, intransigent, evangelical, intolerant, anti-racist, despised and adored. For Mr. Safire to compare himself with Garrison is ironic.

Modern-day columnists are jacks of all trades. They apply proselytizing fervor to a whole host of issues — bringing light to many injustices, while ignoring others. I much prefer the poised and reflective journalism of your own columnist, William Pfaff. However, the world is filled with zealous whose arguments must be faced. I think this is why I read the opinion pages with special interest. There is much to learn, in the neutral sense of the word, from people whose arguments are radical and righteous.

JEFF BELKORA.
Geneva.

I long ago came to accept The New York Times as a pivotal institution in helping to shape U.S. policy, particularly when it comes to hitting out at adversaries, real or imagined, of Jewish-American interests. Mr. Safire, a Times columnist, has recently been given much space in your editions to blatantly insult the people and the government of my country.

This is a case of cheap and dirty shots replacing balanced commentary.

HERBERT H. H. LEIDUCK.
Monte Carlo.

I buy your paper every morning and read it over coffee on my breaks throughout the day. I read everything, but sometimes I falter, especially when the writer is William Safire. I ask myself, "Do you really want to do this to your day?" And the answer is no. But sometimes on the train ride home in the evenings, when I really should be filling out the crossword puzzle or unscrambling the Jumble, I turn again to his column. It never fails: If you could tap the man's bile, your printers would need no more black ink.

When I get home, I usually find my neighbor's German shepherd staked out in the front yard. He barks his head off at everybody. The whole neighborhood hates him, but I don't mind so much because I know he is only a dog.

What is Mr. Safire's excuse?
STEPHEN LISS.
Berlin.

The 11th annual Paris-Dakar cross-country motor race followed a course of approximately 11,000 kilometres over some of the roughest terrain in the world. As in past years, only a fraction of the competitors made it to the finish line.



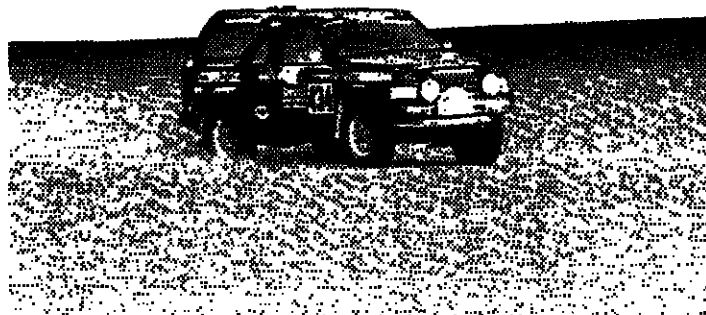
Paris-Dakar: Only the Toughest Survive.

Only the toughest survived the gruelling course of this year's Paris-Dakar race. And victory was reserved for the exceptional few.

Naturally, Nissan was one of the few. With a first-place finish in the mass commercialized category by a Nissan Terrano just like the ones available at your local Nissan dealer.

Because the Nissan Terrano offers the ruggedness, durability and performance you want. Whether you're going across town, or across a continent.

The Nissan Terrano. First among the toughest.



NISSAN TERRANO

NISSAN

Sentenced
Court

No Leads
In Seizure
Of Belgian

Retrial of
Bombing

ARTS / LEISURE

Creating Another New Look for Dior

PARIS—Béatrice Bongibault is the eminence blonde of Paris couture. At 21 she was head of ready-to-wear at Jean-Louis Scherrer. For seven years she directed fashion at Chanel during its explo-

sive expansion. Now, at 36, she is managing director of Christian Dior, the most venerable of all French fashion institutions. "People think of Dior like the Eiffel Tower," she says. "They take photographs of each other outside the house."

SUZY MENKES

Bongibault's career has coincided with the renaissance of Paris haute couture and an aggressive jousting for place and position in the chandeliered world of *le grand luxe*. The fat cats were set among the pigeons by the arrival of a high-profile Karl Lagerfeld at Chanel and of Christian Lacroix — sent up in business by Dior's parent company Financière Agache and its chairman, Bernard Arnault. At 39, Arnault is of the same generation as Béatrice Bongibault, and he head-hunted her.

"Monsieur Arnault said that he had been looking for someone for three years," she says, with a commendable lack of false modesty. She joined Dior last July, charged with directing a strategy for international development, and has since been criss-crossing the globe, looking at the 240 licenses and studying the export markets that account for 70 percent of Dior's annual sales of \$1.15 billion (excluding fragrances).

"Coherence is my war cry," she says. "The world is vast. Yet our *domaine de luxe* is very small. I must know what is going on in New York or Tokyo. My aim is for Dior to be the best. To have the most beautiful design studio and the best technicians for lingerie, for leather, for tights."

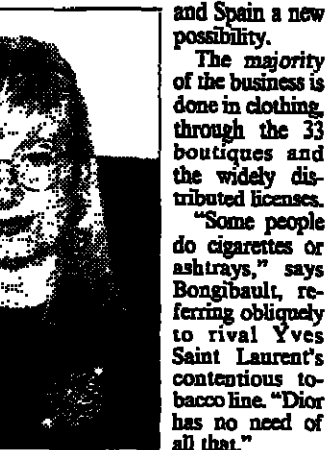
The first step was to reorganize the empire at the Avenue Montaigne, where the simple wooden fittings of Monsieur Dior's couture *cabine* have been unchanged for 40 years and where portraits of the chubby-faced master and photographs of his creations still hang on the dove-grey walls.

Since 1960, Marc Bohan has been the artistic director of the house of Dior. He has consolidated his position by taking over the fur salons (Dior has the only couture fur operation) after the sudden departure of long-serving Frédéric Castet at the end of 1988. Bongibault is at pains to explain that Castet resigned.

She does not confirm or deny the persistent Paris rumors that other designers — Claude Montana, Anne-Marie Beretta and Bongibault's good friend Karl Lagerfeld are cited — have been approached to design the ready-to-wear. The buck is passed to an aide who says that rumors are "cyclical" at Dior.

Bongibault, wearing a navy Chanel silk blouse, says that she can't "change a whole wardrobe in six months." She admits that Dior's ready-to-wear, founded in 1973, lacks a strong signature.

"Dior has not got an image that is as strong as some of our competitors," she says. "Perhaps that was not a priority in the process of development. But it is enormous potential. No woman, whatever her age, wants to look old. Dior has not got an 'old' image, but a wide open



Béatrice Bongibault

flagship boutique in Manhattan. But Bongibault apparently wants to give "coherence" overall to the Dior ranges before setting up new shops. "I'm not interested in an investment in New York for the publicity," she says. "The store must work, and that may take a little longer."

The Dior boutique in the Avenue Montaigne was refurbished in 1987 to coincide with the 40-year celebrations of Dior's New Look, which propelled Christian Dior into fashion's hall of fame and from which much of Dior's worldwide fame still reverberates.

This is no flagship store, but a world of luxury, in which the smell of fine leathers and plush velvet permeates the men's shoe boutiques; where graceful oval mirrors reflect a myriad accessories; where household products are set out in luxurious table settings; and where costume jewels glint against miniature crystal chandeliers, reproduced in the image of the master's *chaîne*.

Above it all twinkles the over-weening chandelier — a symbol of the gilded haute couture that seemed, until its recent reprise, out of tune with modern life. On the upper floor, above the couture salon, with its rococo cherubs and silken drapes, Bongibault's office is, by contrast, austere and modern, functional rather than frivolous.



Christian Dior's "New Look" which propelled Dior into fashion's hall of fame and, right, a model from the 1989 spring/summer line to be shown in Paris next Monday.



Act 2: Barenboim on Stage

By David Stevens

PARIS — Daniel Barenboim said Monday that he still had not been officially notified that he was no longer musical and artistic director of the future Opéra Bastille, and vigorously defended both the validity of his contract and of the artistic program he had planned through the 1991-92 season.

Speaking at a press conference, Barenboim said the only information he had was from accounts of a press conference held Friday by Pierre Bergé, president of the Association des Théâtres de l'Opéra de Paris (ATOP), the recently formed organization for the operation of Paris's three national opera theaters. Bergé, also the chief executive of Yves Saint Laurent's fashion empire, questioned the legality of the contract Barenboim signed last May 5, and after saying that efforts to renegotiate a new contract had failed, declared the post of musical director "vacant."

Meanwhile, the three seasons of operatic planning, put together largely through Barenboim's influence with leading musicians and artists, has begun to hemorrhage. On Saturday, the stage director Patrice Chéreau, who has been preparing the new production of Mozart's "Don Giovanni" that was to open the \$400 million opera house on Jan. 10, 1990, assailed Bergé's handling of the affair. He indicated that the dismissal of Barenboim, who was to conduct the "Don Giovanni" and two other Mozart operas staged by Chéreau in future seasons, had changed the conditions of his own contract. He made it clear that he would not go ahead without Barenboim.

On Sunday, Pierre Boulez, the leading musical figure in France and one of the most important participants in the planning stages of the Bastille project, said in a radio interview that he would resign the vice presidency of ATOP, but remain with the separate body that oversees the construction of the new house. Zubin Mehta, scheduled to conduct Verdi's "Otello" in the 1991-92 season, was quoted in the New York Times as saying he would not conduct without Barenboim in place. "We the artists believed in these projects so much that we have been holding our time into 1992 and '93 without contracts," Mehta and Chéreau were present Monday at Barenboim's press conference at the Salle Pleyel, headquarters of the Orchestre de Paris, of which the 46-year-old

conductor is in his final season as musical director. Barenboim made a point-by-point rebuttal of Bergé's remarks made Friday, and sought to put the ball in the court of President François Mitterrand and Cultural Minister Jack Lang.

He recalled that he had been appointed July 31, 1987, at a cabinet session presided over by Mitterrand and that he started work immediately. A contract was negotiated beginning the following September and signed last May 5, he said.

"I find it abhorrent that I am forced to treat a cultural problem as a political one. President Mitterrand was there when I was hired and he still is," Barenboim said. "I think the French should be thinking about what other people will think about the value of their contracts. If I were Norwegian or Spanish I think I would be wondering now about the value of French contracts."

Referring to complaints about his salary and fees, which under his contract were estimated to amount to almost seven million francs annually (\$11 million), he said that "my annual remuneration defined in this contract, which had not raised any difficulties between May and October, 1988, suddenly in November became the principal preoccupation" of Bergé.

"They asked me what I wanted and, as anyone would, I gave them some high figures and they accepted," he said. He stressed, however, that he was willing to renegotiate the financial terms but that he felt that the real point of contention between him and Bergé was over artistic control.

Noting the Bergé had only declared the post of musical director vacant, Barenboim ironically asked: "Does this mean that I am still artistic director?" In several of his remarks, he gave the impression that he agreed with Chéreau, who told reporters that he saw no other reason for Bergé's action except "the desire to exercise himself the powers of artistic director."

Barenboim frequently referred to Bergé as the president of "une maison de couture," and added that "I don't accept that I need to discuss with the president of a fashion house whether or not Mr. Boulez can conduct 'Pelléas et Mélisande' or whether I can invite Herbert von Karajan and the Berlin Philharmonic to give a concert." Bergé's proper role as president of ATOP is that of a chairman of the board, "an arbitrating role, not an executive one," he said.

Sadler's Wells To Move '90 To Birmingham

New York Times Service

LONDON — Sadler's Wells Royal Ballet, the sister company and touring wing of Britain's Royal Ballet, is leaving London in August of next year and will make its permanent home in Birmingham, England's second-largest city.

The 55-member classical ballet company, based for the past 12 years at the Sadler's Wells Theatre, will move to the refurbished 90-year-old Hippodrome Theatre, where additional rehearsal and practice facilities, costing \$7.2 million, are to be built for the company. The move also guarantees Sadler's Wells a substantial increase in operating funds, including \$1.85 million from Birmingham and a matching sum from Britain's Arts Council.

"The facilities to be built and the new money to be made available add up to an offer we cannot refuse," said Jeremy Isaacs, general director of London's Royal Opera House, which manages the dance company.

Peter Wright, director of the Sadler's Wells Royal Ballet, said the move was "of major importance not just to the Royal Ballet, but to dance generally in this country."

The Royal Opera House will continue to manage the Sadler's Wells Royal Ballet. But its name eventually will be changed to reflect Birmingham's contribution to the company's funding.



THE BELLE ÉPOQUE

IN THE PARIS HERALD

by Hebe Dorsey

Eye-witness accounts of a shimmering era and its beautiful people — dazzling scandals — and crazy crazes — including the horseless carriage and flying machine!

Long-time Trib fashion editor, Hebe Dorsey went into the archives of the old Paris Herald (original name of today's Trib) and collected the great news stories of the turn of the century — along with glorious, gossipy tid-bits, records of fabulous galas, stunning fashions, gentlemen's duels and "crazy inventions."

With hundreds of excerpts of articles, delightful vignettes and 147 illustrations, this book is a vivid evocation of a period no one imagined would ever end. A great gift idea.

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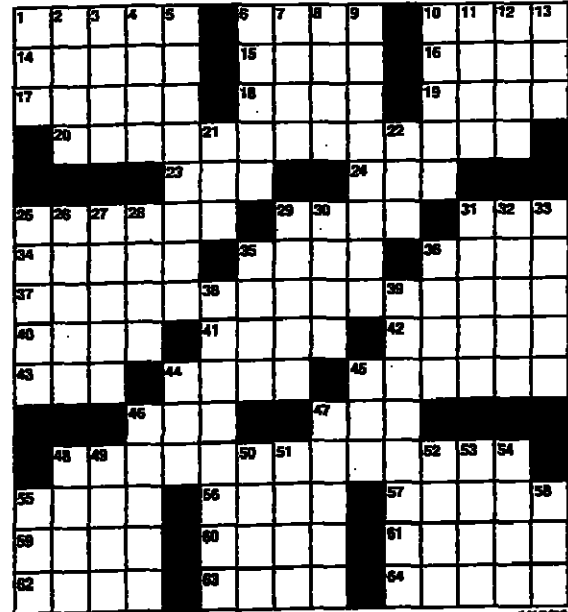
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- ACROSS**
- Cooking direction
 - Lugosi or Bantok
 - Londoner's umbrella
 - Pet name
 - Short story about Sadie Thompson
 - River to the Caspian
 - Crossbeam
 - Vicinity
 - Penetrating preposition
 - Weapon in jousting
 - Litigate
 - Kind of meal
 - Of an ancient Arabian kingdom
 - Forwarded
 - Tokyo's former name
 - Antique's activity
 - "It's — world" Dickens
 - What was one
- DOWN**
- Antitakeover protection for executives
 - Woody Guthrie's son
 - Medium for Monet
 - Poet Wylan Hugh
 - Utter
 - Flying pest
 - Does some tailoring
 - Aurora, to the Greeks
 - Tool for making holes
 - Like Bryan?
 - Hourglass filler
 - Cheap; miserly
 - Winter Cobb
 - A third of three
 - Season
 - Pee Wee of baseball
 - Expensive
 - Cinders of comics
 - Knight's weapon



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Solution to Previous Puzzle

STREP	ETIA	STEP
THREIS	SHAG	CEDE
RIMES	YELA	ALIA
ATIP	EEL	INLETS
YETT	GROWNUPS	
ERA	OAST	CAR
OILCAN	KIT	OPE
PROEM	WIT	APPEL
AAR	BIN	PLIERS
LEG	SONG	FIN
NITROGEN	CASS	
STELAE	LID	EVEL
TUTT	DUAL	ANITA
ANTA	OSSA	BESOT
REED	MIST	OZONE

NYSE Most Actives					
Symbol	Vol.	High	Low	Last	Chg.
IBM	1,234,567	120.50	119.75	120.00	+0.25
GE	987,654	45.20	44.75	45.00	+0.25
MSFT	876,543	34.50	34.00	34.25	+0.25
DIS	765,432	23.75	23.50	23.60	+0.10
AT&T	654,321	15.80	15.60	15.70	+0.10
GO	543,210	12.40	12.20	12.30	+0.10
BA	432,109	18.90	18.75	18.85	+0.10
W	321,098	10.50	10.40	10.45	+0.05
HP	210,987	8.75	8.60	8.65	+0.05
INTL	109,876	6.25	6.10	6.15	+0.05

Market Sales	
NYSE 4 a.m. volume	117,388,000
NYSE 4 a.m. volume	117,388,000
NYSE 4 a.m. volume	117,388,000
NYSE 4 a.m. volume	117,388,000
NYSE 4 a.m. volume	117,388,000
NYSE 4 a.m. volume	117,388,000
NYSE 4 a.m. volume	117,388,000
NYSE 4 a.m. volume	117,388,000
NYSE 4 a.m. volume	117,388,000
NYSE 4 a.m. volume	117,388,000

NYSE Index				
Commodity	High	Low	Close	Chg.
Industrials	1,234.56	1,230.00	1,232.00	+2.00
Utilities	1,234.56	1,230.00	1,232.00	+2.00
Finance	1,234.56	1,230.00	1,232.00	+2.00
Energy	1,234.56	1,230.00	1,232.00	+2.00

Monday's
NYSE
Closing
via The Associated Press

AMEX Diary				
Symbol	High	Low	Close	Chg.
AMEX	1,234.56	1,230.00	1,232.00	+2.00
AMEX	1,234.56	1,230.00	1,232.00	+2.00
AMEX	1,234.56	1,230.00	1,232.00	+2.00

NASDAQ Index				
Symbol	High	Low	Close	Chg.
NASDAQ	1,234.56	1,230.00	1,232.00	+2.00
NASDAQ	1,234.56	1,230.00	1,232.00	+2.00
NASDAQ	1,234.56	1,230.00	1,232.00	+2.00

AMEX Most Actives				
Symbol	Vol.	High	Low	Last
AMEX	1,234,567	120.50	119.75	120.00
AMEX	987,654	45.20	44.75	45.00
AMEX	876,543	34.50	34.00	34.25

Dow Jones Bond Averages				
Symbol	High	Low	Close	Chg.
DJB	1,234.56	1,230.00	1,232.00	+2.00
DJB	1,234.56	1,230.00	1,232.00	+2.00
DJB	1,234.56	1,230.00	1,232.00	+2.00

NYSE Diary				
Symbol	High	Low	Close	Chg.
NYSE	1,234.56	1,230.00	1,232.00	+2.00
NYSE	1,234.56	1,230.00	1,232.00	+2.00
NYSE	1,234.56	1,230.00	1,232.00	+2.00

Odd-Lot Trading in N.Y.				
Symbol	High	Low	Close	Chg.
NYSE	1,234.56	1,230.00	1,232.00	+2.00
NYSE	1,234.56	1,230.00	1,232.00	+2.00
NYSE	1,234.56	1,230.00	1,232.00	+2.00

Dow Jones Averages				
Symbol	High	Low	Close	Chg.
DJB	1,234.56	1,230.00	1,232.00	+2.00
DJB	1,234.56	1,230.00	1,232.00	+2.00
DJB	1,234.56	1,230.00	1,232.00	+2.00

Standard & Poor's Index				
Symbol	High	Low	Close	Chg.
S&P	1,234.56	1,230.00	1,232.00	+2.00
S&P	1,234.56	1,230.00	1,232.00	+2.00
S&P	1,234.56	1,230.00	1,232.00	+2.00

NASDAQ Diary				
Symbol	High	Low	Close	Chg.
NASDAQ	1,234.56	1,230.00	1,232.00	+2.00
NASDAQ	1,234.56	1,230.00	1,232.00	+2.00
NASDAQ	1,234.56	1,230.00	1,232.00	+2.00

AMEX Stock Index				
Symbol	High	Low	Close	Chg.
AMEX	1,234.56	1,230.00	1,232.00	+2.00
AMEX	1,234.56	1,230.00	1,232.00	+2.00
AMEX	1,234.56	1,230.00	1,232.00	+2.00

Symbol	Vol.	High	Low	Last	Chg.
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INTL	109,876	6.25	6.10	6.15	+0.05

NYSE Mixed in Light Trading

NEW YORK — Stock prices closed mixed Monday in slow trading on the New York Stock Exchange as concern over a possible negative impact of U.S. economic reports later this week led some investors to profit taking.

The Dow Jones industrial average, which had risen 3.75 Friday, eased 1.43 to close at 2,224.64. It was only the second time in the past eight sessions that the blue-chip indicator had failed to post a closing high since the 1987 market collapse.

Advances edged declines by a narrow margin. Big Board volume totaled 117.38 million shares, setting a low for the year. That compared with the 132.39 million shares that changed hands on Friday.

Broader market measures advanced. The NYSE composite index rose 0.20 to 159.78 and Standard & Poor's 500-stock index rose 0.27 to 284.14. Both indexes set a post-collapse closing high. The price of an average share added 20 cents.

Analysts said trading was quiet because of the observation of Martin Luther King Jr.'s birthday, for which U.S. government offices and many banks were closed.

Also cited for keeping investors on the sidelines were reports due later this week. U.S. economic data on the November merchandise trade deficit, as well as consumer prices, housing starts, industrial production and capacity utilization for December.

"People looking to put money into the market are not likely to take a risk ahead of the reports," said Gail Dudack, market analyst with S.G. Warburg & Co. She noted the data would give investors a better clue as to whether the Federal Reserve Board would seek to push interest rates higher to curtail economic growth and thus counter inflationary pressures.

Prices drifted in a narrow trading range throughout the session, as buyers were scarce and many traders took profits on the market's recent advance.

Sid Dorr, first vice president of institutional trading at Robinson-Humphrey Co. in Atlanta, said, "We've broken through to the 2,200 level, and now the market is defending those gains."

"We need some kind of pullback to find where the support area is going to be."

Both Mr. Dorr and Ms. Dudack predicted the market would resume its upward path over the next few weeks, with the Dow advancing 20 to 50 points before any major selling took place.

Texas Eastern was the most active issue, soaring 14 1/2 to 45. A subsidiary of Coastal Corp., said it was prepared to offer \$42 a share for all of Texas Eastern's shares outstanding.

RJR Nabisco was second on the active list, unchanged at 94 1/2. Glaxo Holdings was third, up 1/4 to 18 1/2.

AT&T ended unchanged at 29. IBM, which is expected to report fourth-quarter earnings Wednesday, rose 1/4 to 124 1/2.

Among other blue chips, General Electric fell 1/4 to 44 1/2, American Express fell 1/4 to 27 1/2, Sears fell 1/4 to 41 1/2, Merck rose 1/4 to 60 1/2, USX rose 1/4 to 31 1/2 and Exxon rose 1/4 to 44 1/2.

The surge in Texas Eastern helped strengthen stocks of other natural gas pipeline companies. Transco Energy rose 1/4 to 36 1/2, Panhandle Eastern rose 1/4 to 26 1/2.

Symbol	Vol.	High	Low	Last	Chg.
IBM	1,234,567	120.50	119.75	120.00	+0.25
GE	987,654	45.20	44.75	45.00	+0.25
MSFT	876,543	34.50	34.00	34.25	+0.25
DIS	765,432	23.75	23.50	23.60	+0.10
AT&T	654,321	15.80	15.60	15.70	+0.10
GO	543,210	12.40	12.20	12.30	+0.10
BA	432,109	18.90	18.75	18.85	+0.10
W	321,098	10.50	10.40	10.45	+0.05
HP	210,987	8.75	8.60	8.65	+0.05
INTL	109,876	6.25	6.10	6.15	+0.05

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(Continued on next left-hand page)

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INTERNATIONAL STOCK MARKETS

Hong Kong Keeps Setting Post-Collapse Records

By B.Y. WONG

HONG KONG — Continuing bullish sentiment is likely to push the Hong Kong stock market to another set of post-collapse highs this week, although intermittent bouts of profit-taking can be expected, stock analysts said. The Hang Seng index scored four consecutive post-collapse highs last week before falling 35 points to close at 2,844 on Friday for a gain of 77 points on the week.

Hong Kong stocks closed higher on Monday but below their morning peaks as the market tried to consolidate on last week's gains, dealers said.

The Hang Seng index rose 12.69, to 2,856.67, after peaking at 2,878.53 at noon. The broader-based Hong Kong index rose 7.48, to 1,882.55.

The Hang Seng's record high came before the October 1987 global stock market collapse. The gauge hit 3,949.73 on Oct. 1, 1987.

Turnover on Monday was 962.88 million Hong Kong dollars (\$123.4 million), down from 1.41 billion on Friday.

"Consolidation is what we expected and we got some of that," one analyst said. "But the early push without Tokyo as a reference is a sign of underlying sentiment."

Larry Tam of Sun Hang Kai Securities said that "despite an overbought situation inducing profit-taking on Friday, the market's up-trend remains intact."

Mr. Tam added, "We are confident that the Hang Seng index will most likely break 3,000 before the Chinese New Year." That holiday starts Feb. 6.

An analyst with a British-owned brokerage saw the index testing short-term support between 2,825 and 2,855.

"But the market will keep us on an uptrend at least up to the Chinese New Year," he said.

The local market usually rises ahead of the Lunar New Year, mainly for psychological reasons. The recent rally has been reinforced by increasing overseas participation, especially by European, Taiwanese and Japanese investors.

THE ENTRY of new overseas funds and aggressive local buying boosted volume to an average 1.5 billion Hong Kong dollars a day in the first two weeks of 1989 against 878.24 million a year earlier and a 1988 average of 805.03 million.

"The local equity market may reap the benefits of the firmer U.S. dollar and interest rate stability," a brokerage house analyst said.

The recent strength of the American dollar should ease pressure on the U.S. Federal Reserve Board to push interest rates higher, the analyst said.

Hong Kong stocks virtually are treated as American dollar assets due to the link between the local dollar and its U.S. counterpart.

Local interest rates also follow move in step with U.S. rates in order to prop up the link.

However, trading volume this week could decline in advance of several important U.S. economic reports, including the U.S. November foreign trade report on Wednesday, said an analyst with Citicorp Securities.

"But we expect liquidity in Hong Kong to remain favorable for the stock market, with the Hang Seng index likely to test the 2,900 level in the week," the Citicorp analyst said.

A technical analyst added, "The market also has technical support while the index has broken above its medium-term uptrend tunnel, a medium-term bullish signal."

Mr. Tam of Sun Hang Kai Securities said the expected strong bidding at a government land auction Jan. 25 also would fuel the market.

The rally has been reinforced by increasing participation by overseas investors.

Brasília Warns of Debt Ills

Interest Payments May be Frozen

By B.Y. WONG

BRASILIA — Brazil could suspend interest payments on its foreign debt if international reserves reached a critical level, the finance minister, Mallofin Ferreira da Nobrega, said Monday.

The country, the Third World's biggest debtor, owes \$115 billion.

"It is not an objective of the plan to suspend interest payments," said Mr. Nobrega, briefing correspondents on the anti-inflation plan launched Sunday. "This will happen only if the reserves of the country reach a critical level."

Asked what the government considered a critical level, Mr. Nobrega broke into English to reply, "Top secret."

The minister, who took up office one year ago, returned Brazil to debt orthodoxy after a moratorium on interest payments on the country's commercial debt declared in February 1987.

He ended the moratorium shortly after taking office and stressed Monday that Brazil would not return to a confrontation with banks. But he also emphasized that the country needed economic growth.

"We do not have the least intention of returning to the attitudes of confrontation that Brazil had in the past, but if Brazil does not return to growth we could have serious problems in the social and political domains," he said.

"The foreign debt is not the greatest problem of Brazil, but it is the greatest political slogan and it is bound to be used by the populists," he added, referring to the presidential election campaign set for November.

The debt has already emerged as the most prominent issue in the campaign for the president in Brazil since 1960. Leftist candidates, who have so far taken the initiative in the campaign, said they would suspend debt payments.

Mr. Nobrega, known as one of the more moderate figures on the debt issue in Latin America, said, "There has to be an understanding on the part of creditors that the continuation of a process in which Brazil is an exporter of capital is unbearable."

Servicing the country's debt costs about \$14 billion a year.



Employees at Burndy Corp. working on electrical connectors. Jean-Claude Lévy, right, hopes the low-profile connectors will help Framatome during hard times for the nuclear industry.

Framatome: A Non-Atomic Option
The Lowly Connector Is Seen as Bridge to the Future

By Jacques Neher

PARIS — Almost three years after the Chernobyl disaster dealt a blow to the nuclear energy industry, Jean-Claude Lévy maintains that there is still a future for the atom. But he is not taking any chances.

The chairman of Framatome SA, the French constructor of nuclear power plants, last week completed the company's first major diversification out of the nuclear field by buying Burndy Corp., a U.S. maker of electrical and electronic connectors, for \$308.5 million.

The acquisition of Burndy signals a major strategic shift by Mr. Lévy, who envisions that Framatome will attain 5 billion francs (\$800 million) in annual connector sales by 1993 — the same amount he expects it to generate from nuclear-related activities. Nuclear construction, fuel and service revenues currently account for 10 billion francs, or about 90 percent of 1988 estimated revenue of 11 billion francs.

Mr. Lévy also is in talks with competitors in the United States, Europe and Japan to form manufacturing and services ventures to help Framatome survive the industry's current slump, which he does not expect to end until the mid-1990s.

In December, Framatome bid \$26 a share in a friendly offer for Burndy. Based in Norwalk, Conn., Burndy is the ninth-largest U.S. maker of connectors, with 1987 sales of \$284 million and earnings of \$11.6 million. More than 97 percent of the shares were tendered by the offer's closing.

Burndy will give Framatome a solid foothold in the \$5.7 billion U.S. connector market, currently growing at 10 percent to 12 percent a year, according to Mr. Lévy. The global market is estimated to be worth \$11.5 billion a year.

After watching the bottom drop out of the nuclear energy market following the Chernobyl disaster in April 1986, Mr. Lévy said, his diversification efforts became focused on growing industries that had the widest possible product ranges and customer bases.

Connectors — the metal clips, pins and prongs that allow electric current to flow from wires and cables into electrical and electronic components — met his requirement because they are fundamental to a multitude of industries, from computers to cars.

"If there is trouble with the automotive industry, there is no reason there would be a crisis in the computer industry, except in the case of a worldwide economic crisis," he said. "Generally, if one of our users is not doing well, we can expect others to be in better shape."

Mr. Lévy, 60, an engineer who has spent his entire career in nuclear energy, admits to being seduced by the banality of connectors, a low-tech, low-profile product, compared with highly complicated and controversial nuclear reactors.

"We have been working for years and years on a single product — nuclear power — which has become an emotional issue," Mr. Lévy said. "We

See FRAMATOME, Page 11

Coastal Bidding \$2.6 Billion for Texas Eastern

Compiled by Our Staff From Dispatches

HOUSTON — Coastal Corp. said Monday that it planned a \$2.6 billion tender offer for Texas Eastern Corp., another diversified energy concern, and said it had taken court action to prevent the target company from using an anti-takeover defense.

News of the \$42-per-share bid, which is to begin Tuesday, sent Texas Eastern's stock soaring from its \$30.25 Friday close to \$45, above Coastal's offer, on the New York Stock Exchange on Monday.

The proposed takeover would give Coastal an expanded presence in natural gas operations in the eastern United States, where Texas Eastern is a major supplier. Coastal's large pipeline system provides service to the central states.

Coastal said it was prepared to discuss all aspects of its bid, including price. It said it requested a meeting with the directors of Texas Eastern to discuss the offer.

Texas Eastern urged its shareholders not to act on the bid until the board had time to consider it. The company said it expected to announce a decision within 10 days of the start of the offer.

Both Houston-based companies are major suppliers of natural gas. Coastal said that on Sunday it asked the U.S. district court in Houston to prevent Texas Eastern's board from activating a poison-pill anti-takeover plan to block the bid. A hearing on the request was scheduled for Monday.

It also said it filed suit in the court to compel the Texas Eastern board to discharge its legal responsibilities and seeking other relief. It did not give details.

Coastal said its offer would be financed mostly by bank borrowings and notes. It said Citicorp said it was highly confident it could provide up to \$2 billion in senior bank financing, including \$500 million under a firm commitment. The company said Drexel Burnham Lambert Inc. delivered a letter stating it was highly confident of its ability to place up to \$1.3 billion in subordinated notes.

Coastal, which in 1985 spent \$2.45 billion in a friendly takeover of American Natural Resources

Co., has important operations in gas transmission and storage.

It also has business in oil and gas exploration, production, refining and marketing; coal; trucking; and independent power production.

Texas Eastern's major businesses involve natural gas and petroleum products pipelines and international oil and gas exploration and production. It also refines and markets petroleum products.

In January 1988, Coastal asked for U.S. government approval to build a \$288 million, 285-mile pipeline that would transfer gas to eastern states. The line would follow a similar route to a longer project planned by ANR.

In August, Coastal sold half its West Coast oil refining operations to the state-owned National Chemicals Import & Export Corp. of China.

(UPI, Reuters)

U.S. Chip Giant Set to Lay Off 2,000 Workers

By B.Y. WONG

SANTA CLARA, California — National Semiconductor Corp. said Monday it would cut 2,000 as part of a reorganization that will focus the company on its core semiconductor business.

The company said the layoffs would be reflected in a one-time restructuring charge in the third quarter of fiscal 1989.

The reductions will affect all levels of employees in Asia, Europe and the United States.

National had a net loss of \$55.7 million, or 58 cents a share, for the first six months of fiscal 1989, to Nov. 27.

Andrew Kessler, an analyst at PaineWebber Inc., said he would lower his third-quarter 1989 earnings estimate for National by about 15 cents, to a loss of 27 cents per share.

Currency Rates

Cross Rates	Jan. 16
Australian dollar	1.285
British pound	1.647
Canadian dollar	0.715
French franc	6.55
German mark	1.36
Italian lira	1,360
Japanese yen	163.5
New Zealand dollar	0.47
Portuguese escudo	200.48
Spanish peseta	166.64
Swiss franc	1.48
Taiwan dollar	23.6
Thai baht	50.7
U.S. dollar	1.00
West German mark	1.36

Other Dollar Values	Jan. 16
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Spanish peseta	166.64
Swiss franc	1.48
Taiwan dollar	23.6
Thai baht	50.7
U.S. dollar	1.00
West German mark	1.36

Interest Rates

Key Money Deposits										Jan. 16
	Dollar	D-Mark	Swiss Franc	Starline	French Franc	Yen	ECU	SDR		
1 month	9 1/4%	5 1/4%	5 1/4%	13-13 1/2	8 1/4%	6 1/4%	7 1/4%	7 1/4%		
2 months	9 1/4%	5 1/4%	5 1/4%	13-13 1/2	8 1/4%	6 1/4%	7 1/4%	7 1/4%		
3 months	9 1/4%	5 1/4%	5 1/4%	13 1/2-14 1/2	8 1/4%	6 1/4%	7 1/4%	7 1/4%		
6 months	9 1/4%	5 1/4%	5 1/4%	12 1/2-13 1/2	8 1/4%	6 1/4%	7 1/4%	7 1/4%		
1 year	9 1/4%	5 1/4%	5 1/4%	12 1/2-12 1/2	8 1/4%	6 1/4%	7 1/4%	7 1/4%		
Sources: Morgan Guaranty (Dollar, DM, SF, Pound, FF, yen); Lloyds Bank (ECU); Reuters (SDR).										
Interest rates on interest deposits of \$1 million minimum (or equivalent).										

Asian Dollar Deposits	
Jan. 16	
1 month	9 1/4 - 9 1/4
3 months	9 1/4 - 9 1/4
6 months	9 1/4 - 9 3/4
1 year	9 3/4 - 9 1/2

Source: Reuters.

U.S. Money Market Funds	
Jan. 13	
Merrill Lynch Ready Assets	
30-day average yield:	8.61
Telerate Interest Rate Index:	8.94
Source: Merrill Lynch, Telerate.	

Gold

	A.M.	P.M.	Change
Hong Kong	401.40	401.35	-2.50
Luxembourg	401.75	—	1.60
Paris (72.5 kilo)	402.90	402.90	-2.00
Zurich	401.45	401.35	-4.50
London	401.75	401.50	-0.25
New York	—	402.05	-0.25

Luxembourg, Paris and London official figures; Hong Kong and Zurich opening and closing; New York spot market close.

African Reform Saga Still Lacks Happy Ending

By Blaine Harden

NAIROBI, Kenya — When Eastman Kodak Co. of the United States decided three years ago to pull its African distribution center out of white-ruled South Africa, it turned to Kenya as a centrally located and politically attractive alternative.

For nearly two years, Kodak tested the business climate of this black-ruled East African country, a relatively prosperous nation that advertises itself as one of the continent's most stable bastions of capitalism.

But Kodak turned down Kenya as home base for a \$10 million-a-year distribution center. The reason, according to a discouraged Kodak official, was "from a business point of view, I would not say it is very easy here."

He pointed to the uncertain availability of import licenses, labyrinthine regulations regarding re-export of goods, transport bottlenecks and, most maddeningly, unfair competition from photo distributors who regularly pay off powerful government officials.

Noninvestment is a familiar story in sub-Saharan Africa, a region where, during the first five years of this decade, the flow of private investment capital reversed. According to the World Bank, the financial pendulum swung from \$6 billion worth of investment in black

Africa in 1980 to disinvestment of about \$1 billion in 1985.

Since then, according to United Nations figures, the region's per capita gross domestic product has declined about 2 percent a year.

Sub-Saharan Africa — a vast area, wider than the Atlantic Ocean between Europe and North America, encompassing 45 nations and home to more than 600 million people — is in the early stages of a long, miserable and socially explosive reform process.

After a quarter-century of state-dominated economic management, which bled the farmers who produce Africa's wealth so that they could nourish nonviable industries and bloated bureaucracies, most major African countries have changed their economic stripes.

Officially, African socialism is out. Western-style capitalism is in. In practice, however, commitment to now-fashionable free-market rhetoric depends on the willingness and strength of African leaders in challenging powerful elites who have grown rich off the old system.

And in some countries, such as Zaire, there is no challenge to these elites, simply because they are the leaders.

Elsewhere, African governments are attempting to overcome chronic food deficits by motivating farmers with higher prices. At the same time, they are trying to shed tens of

thousands of unneeded civil servants, privatize money-losing state agencies and strip away mountains of regulations that enrich the corrupt while stifling investment.

The economic outlook for African countries implementing these reforms is not as bleak as for those countries that shun them, according to the World Bank, which has beefed up its African funding to \$3 billion a year and has assumed a leadership role in guiding economic reform in more than 20 countries.

The bank's figures show that reforming countries are growing faster than other African nations. It says the downward trend in private investment improved slightly in reforming countries in 1988.

The reform process is benefiting rural areas, where three-quarters of Africans live, as higher crop prices have boosted farm activity. But so far, Africa's cities, the fertile breeding grounds for revolution on the coup-prone continent, have seen little but rocketing prices and depressed wages.

The effectiveness and longevity of the reform movement varies drastically among African countries, as do prospects for foreign investment and economic growth. The critical variable appears to be leadership.

Consider the cases of Ghana and Zambia, where the reform process is well advanced.

See AFRICA, Page 11

Nigeria Relaxes Foreign Investment Curbs

By B.Y. WONG

LAGOS — The Nigerian government will allow foreigners to own 100 percent of manufacturing companies and certain other concerns in the country, up from the current 40 percent, according to its leader, Major General Ibrahim Babangida.

In a weekend speech reported in newspapers and on state radio on Monday, General Babangida said the policy was aimed at attracting investment and encouraging the private sector.

"What occurred from past policies that involved government's huge investment were white-elephant projects that could neither yield revenue nor pay their way," he declared.

The old policies were responsible for unemployment, a lack of development and shortages of raw materials, he added.

In recent years, Nigeria has suffered from the decline in the price of oil, its main export. The government recently has cut import tariffs, ended subsidies and planned a program to sell nationalized companies to the private sector.

It also has begun auctioning foreign reserves for the local naira to set a market value on the currency.

General Babangida announced a major change in the country's Enterprises Promotion Decree, which

restricted foreign investment in broad areas of Nigerian business to 40 percent stakes.

A wide range of businesses were opened to unlimited foreign involvement. An overseas investor putting up 20 million naira (\$2.9 million) or more would be free to operate in restricted areas involving the small manufacturing, commercial and service sectors.

But the 40 percent limit is to remain in the banking, insurance, petroleum prospecting and mining industries.

"This is a quite dramatic new development," said Rasheed Gbadamosi, chairman of the Nigerian Industrial Development Bank.

He added, "Major manufacturing areas like petrochemicals, car

manufacturing and computers are now wide open for foreign investment. It is an excellent move, particularly seen in conjunction with the government's privatization plans."

The privatization program is to begin this month with the offer for sale of most of the 7.8 million government-held shares in Flour Mills of Nigeria Ltd.

One fifth of its 60 percent share in African Petroleum should follow soon under the plan to totally privatize 67 companies.

General Babangida said despite problems at Nigerian Airways, Nigerian Railway Corp. and National Electric Power Authority, there was no plan to sell them to the private sector.

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Bombing

3 Danish Food Companies to Merge

COPENHAGEN — Three Danish food companies said Monday they planned to merge, creating a group with annual sales of 13 billion kroner (\$1.84 billion) and a staff of 12,000.

The new group, to be called Danisco A/S, is to include the activities of Danisco A/S, which makes and sells a wide range of food products and is also involved in chemicals and biotechnology; Danisco Spritfabriker A/S, a flour and yeast supplier and Denmark's largest producer of alcoholic spirits; and De Danske Sukkerfabriker A/S, the country's largest sugar producer.

Ritzau, the national news agency, said the three firms were aiming to become a major international force in the fields of food products and spirits, capable of competing with other major European food suppliers in the single European market planned for the end of 1992.

Sixty percent of the new company's sales would be outside Denmark, the agency said, and the

company would have equity capital of 4.5 billion kroner.

Share analysts said the merger made good sense because the three companies operated in fairly similar product fields and would benefit from combining their marketing and sales operations.

"The merger will give them the capital base they need," said Chris-

Textron Buys Out Rival In Bidding for Avdel

LONDON — Textron Inc. said Monday that it had acquired Banner Industries Inc.'s 44.7 percent stake in Avdel PLC, raising its holding to 68.7 percent, and had extended its offer for the British fasteners maker to Jan. 27.

In December, Textron, a U.S. conglomerate, made an offer valuing Avdel at \$125 million (\$220 million). That offer was rejected by Banner, then the company's largest shareholder, which also was trying to buy Avdel through a subsidiary, Remond Holdings (UK) PLC.

Strandgaard, chief of equities at the Privatbørsen A/S brokerage. "They have to expand outside Denmark. This move will improve their position in the market."

The merger, which is subject to approval by shareholders, will take effect retroactively from Jan. 1, 1989. After a 16-month first year fiscal year, the new company's year is to run from May 1 to April 30, Ritzau said.

A spokesman for the Copenhagen Stock Exchange said the companies had told the exchange of their plans Monday morning and that trading in their shares would not be suspended.

The shares of all three companies rose Friday. Danisco gained 127.45 kroner to 2,600, DDS rose 34.05 to 690 and DDFS was up 100 to 2,900 kroner.

Last week Novo Industri A/S and Nordisk Genstofte A/S, two Danish insulin and biotechnology companies, announced that they had agreed to merge into Novo-Nordisk A/S, creating a company with sales of more than 6 billion kroner a year.

Metsun Says It Still Seeks Consortium for GEC Bid

LONDON — Metsun Ltd., the company putting together an international consortium to buy Britain's General Electric Co., said Monday it was moving ahead with the plan despite GEC's latest move to thwart a bid.

Separately, American Telephone & Telegraph Co. was reported to be near a decision on whether to join Metsun, but an executive of the U.S. company declined to comment on its position.

Metsun said it was continuing its talks with several international companies on mounting a GEC bid, which could be worth as much as \$7 billion (\$12.5 billion).

A spokesman for the group, Bob Gregory, added that Metsun's chairman, Sir John Cuckney, is now in Continental Europe on a trip that is "not primarily on Metsun business," but he "may well be diverted."

On Friday, GEC announced an agreement with General Electric Co. of the United States, to which it had not previously been related, to combine up to \$2.6 billion worth of the group's European interests through joint ventures.

That deal, which came as GE of the United States acknowledged it had earlier considered joining Metsun, dealt a severe blow to the consortium's chances of mounting a successful takeover, according to several analysts.

IBM Stock Up on Forecasts Of Strong Quarterly Profit

NEW YORK — The stock of International Business Machines Corp. rose Monday in anticipation that the computer giant would report a strong gain in fourth-quarter earnings, industry analysts said.

Wall Street expects IBM's profit to show a jump of 10 percent to 18 percent on a sales increase of 8 percent to 9 percent.

The results, due out Wednesday, will show that IBM continues to benefit from red-hot sales of mini-computers as well as modest gains in sales of mainframe and personal computers, analysts said.

IBM's stock rose 87.5 cents a share, to \$124.25, in active trading on the New York Stock Exchange.

Analysts estimated IBM's earnings for the quarter in the range of \$2.30 billion to \$2.46 billion, or \$3.90 to \$4.15 a share. In the fourth quarter of 1987, IBM earned \$2.09 billion, or \$3.47 a share, on sales of \$18.01 billion.

For the first nine months of 1988, IBM's net totaled \$3.46 bil-

lion, or \$5.83 a share, on revenue of \$38.74 billion. The results include a charge of \$600 million taken in the second quarter to cover estimated costs of closing some factories and reducing headquarters staff.

The fourth-quarter results, if as expected, would cap IBM's best year since 1985, when it earned \$6.56 billion, or \$10.67 a share.

Analysts said they expected profit in 1989 to top the record \$6.58 billion, or \$10.77 a share, recorded in 1984.

"It looks like things are getting set up for a good 1989 and 1990," said Stephen Cohen, an analyst at Soundview Financial Group in Stamford, Connecticut.

Mr. Cohen, who predicted fourth-quarter net of \$4.16, was more bullish than most analysts. But he said many bullish competitors had raised their estimates in recent weeks.

Analysts said the actual figures will vary depending on how and when IBM accounts for several special items.

PaineWebber Is Pulling Out Of Eurobonds

LONDON — PaineWebber International Inc., a unit of PaineWebber Group Inc., said Monday that it was withdrawing from Eurobond and fixed-income trading in London, effective immediately, with the loss of 22 jobs.

A spokesman said that after consideration of market conditions and the profit potential in fixed-income businesses, PaineWebber had made a decision "to reduce the resources committed to the trading and distribution of fixed-income products in London."

He noted that the London office would continue to provide trading and execution in U.S. Treasury and non-U.S. government bonds.

Several British and U.S. financial services companies have pulled out of British securities markets in recent months.

FRAMATOME: The Lowly Connector Is Seen as a Bridge to the Future

(Continued from first finance page)

None to work now where there are none of these emotional problems. Nobody is afraid of any kind of connectors.

Other acquisitions will be required to meet his goal. Earlier this month, Framatome began negotiating to buy majority control of Saurian SA of France, the leading European supplier of connectors, with 1987 sales of 1.4 billion francs.

Just last, Framatome boosted its stake in the family-controlled Saurian to 34 percent.

In August, Framatome acquired Jupiter, a much smaller French connector specialist in connectors for military applications, with sales of 90 million francs.

If Saurian is acquired, the three connectors companies would more than double Framatome's current work force of 7,260 people and place the company among the five largest connectors suppliers worldwide.

Other major producers include the U.S. companies AMP Inc., with 1987 connector sales estimated at \$1.6 billion, and Amphenol Corp., with connector sales of \$497 million; and Cannon Inc. of Japan, with \$417 million.

Bumpy projects that it will break even for 1988 and Saurian is expected to post loss for the year after a 1987 deficit of 79 million francs. Framatome projects 1988 net earnings of 790 million francs.

Analysts believe that Framatome's move into connectors was largely influenced by Compagnie Generale d'Electricite, its biggest shareholder. The electrical engineering company has a 40 percent stake in Framatome.

Bill Coleman, an analyst with the James Capel & Co. brokerage in London, said, "With the nuclear business clearly not on a growth trend, it has been Framatome's policy to diversify into areas similar to those of CGE."

"Connectors represent a quite interesting market, especially in data processing and telecommunications, fast-growing industries where new kinds of connectors are always being required."

Mr. Lamy said the three companies would remain separate entities, although he envisioned technology exchanges and rationing of product lines to eradicate "rumor competition." Bumpy and Saurian currently fight over market niches worth 100 million to 200 million francs in sales, he said.

Framatome's foray into the connectors field might never have happened if it had succeeded last year in a takeover fight for Telenorm SA, a maker of factory automation equipment. Framatome was recently told to let the white knight after Telenorm came under attack by Schneider SA, another French machinery company.

However, CGE's chairman, Pierre Saur, refused to let Mr. Lamy engage in an expensive bidding war, forcing Framatome to withdraw. Schneider ultimately won with its bid, estimated to cost it 6.5 billion to 7 billion francs.

While pursuing diversification, Mr. Lamy is working on a strategy to keep Framatome in the nuclear industry, even if there is almost no new business on the immediate horizon.

Describing himself as "not too pessimistic," Mr. Lamy predicted that it would be five years before demand for new electrical capacity around the world overpowered anti-nuclear sentiment and sparked new plant orders.

"It will become apparent that a mix of energy is required, and that nuclear should be part of that mix," he said. "When there is a real need, people change their minds."

The Organization for Economic Cooperation and Development has projected a small increase in the percentage of electricity in the Western world produced by nuclear power over the next decade, from 22.5 percent in 1987 to 24 percent by the year 2000. That increased share mostly represents

projects currently in the pipeline, an OECD energy official said.

Since Chernobyl, Britain and France have been the only countries in the world to order new nuclear capacity, while programs have been canceled or scaled back in many others, including the United States, Italy and China. The effect on Framatome's export sales has been brutal.

Framatome's last export sale, in early 1986, was a 6 billion-franc order from China for two 900-megawatt units at Guangdong, Daya Bay, near Hong Kong. A company representative acknowledged at the time that those plants, now under construction, were sold at below cost so Framatome might attract profitable business from China in the future.

To a large extent, Framatome's infrastructure has been underpinned by Electricite de France, the state-owned electric utility that has kept ordering new plants even though France has significantly more generating capacity than it can use. EDF is still programming orders for one new plant every 18 months. In the late 1970s and early 1980s, the heyday of France's nuclear energy buildup, EDF was placing five or six orders a year.

To share costs and improve chances of winning the few bidding contests that may appear over the next several years, Framatome is discussing possible alliances with competitors that also build pressurized water reactors, the type built by Framatome, including Westinghouse Electric Corp. in the United States, Siemens AG's Kraftwerk Union subsidiary in West Germany and Mitsubishi in Japan.

Although analysts say such alliances are necessary for the companies, they are not optimistic that pacts can be reached.

"There's always been a political sensitivity about one country sharing nuclear capacity with another," said Dennis Ertion, analyst with Phillips & Drew in London. "I can think of easier things to contemplate."

Even if orders do not return, Mr. Lamy said Framatome should be able to maintain a minimum nuclear industrial capacity as the 54 Framatome-built plants currently in operation worldwide, including 48 in France, age and require refurbishing.

AFRICA: Reform Saga Still Lacks a Happy Ending

(Continued from first finance page)

trois that had sabotaged the country's enormous farming potential over the past quarter-century. Goods quickly disappeared from store shelves, the black market flourished and, according to diplomats, a number of senior government officials again began to profit from the system.

Last fall, after his reelection, Mr. Kaunda said Zambia must go back the IMF and World Bank and attempt again to reform its economy. In effect, Zambia has to start over again from scratch.

In Ghana, the hardship has been equally severe. Structural adjustment has been accompanied by high levels of malnutrition and lack of funds for health and education services. Working people, especially in cities, have been paralyzed by devaluation and inflation.

The military government of Flight Lieutenant Jerry Rawlings, however, has stuck with the plan. More than 80,000 civil servants have been laid off and 15,000 more fringes a year are planned until 1991.

Much of the regulatory red tape that binds up other African economies has been discarded. The gross domestic product has risen since 1983, after more than 20 years of annual decline, by an average of about 5 percent a year.

Equally important for a country that has many more years of reform ahead of it, Ghana has become a darling of the IMF and World Bank. It has little difficulty negotiating billion-dollar loans at concessional rates.

And yet, in this tale of two countries, there is no happy ending. Investors are not rushing to Ghana, just because it is less fabled up than Zambia. The world price for cocoa, Ghana's main export, collapsed last year, just as farmers were gearing up to grow larger crops. The country's debt burden has soared.

Seung Hong Choi, resident representative in Ghana for the World Bank, said that "official donors will have to recognize there is a problem beyond the control of one poor country. Concessional support will have to be sustained for several years."

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South African Banker Quits

JOHANNESBURG — The chief executive of South Africa's biggest bank has resigned and will emigrate to work for a European bank, it was disclosed Monday.

"The decision is a career move," said Chris Ball, managing director of First National Bank of Southern Africa. "A proposal was put to me last November, and I decided to accept it."

First National, the former South African associate of Barclays PLC of Britain, said it accepted his resignation with regret.

Mr. Ball, 49, was a leading figure in the liberal English-speaking business community and led discussions between white businessmen and leaders of the banned African National Congress guerrilla group in 1985.

His criticism of the government and its apartheid policies placed

him in confrontation with President P.W. Botha of South Africa. Two years ago, a commission of inquiry appointed by Mr. Botha found that Mr. Ball had arranged funds for local newspaper advertisements supporting the ANC. The business establishment saw the inquiry as a witchhunt meant to discourage opposition and rallied behind Mr. Ball. But his bank lost several accounts.

"I believe that I have been responsible in my actions," he said Monday. "The business community must continue to be leaders in the process of bringing about change."

Mr. Ball is the best-known in a string of big business names to leave South Africa voicing pessimism about the future. His decision followed less than a year after Tony Bloom, chairman of the Premier Group and also a critic of apartheid, emigrated to Britain.

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January 16, 1989

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AS - Australian Dollars; BF - Belgium Franc; CA - Canadian Dollars; DM - Deutsche Mark; ECU - European Currency Unit; FF - French Franc; FL - Dutch Guilder; Lf - Italian Lira; Lf - Luxembourg Franc; Ptas - Spanish Peseta; Sfr - Swiss Franc; S

Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere.
Via The Associated Press

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World Stock Markets

Via Agence France Presse Closing prices in local currencies, Jan. 1

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Dollar Extends Rise in Thin Trading

NEW YORK — The dollar closed sharply higher Monday as New York markets ended trading early in observance of a holiday, supported by expectations that U.S. interest rates would remain firm, dealers said.

They said the dollar extended last week's gains on the back of the remark Friday by the West German finance minister, Gerhard Stoltenberg, that the dollar's present level was acceptable.

But with many banks closed for the Martin Luther King Day holiday and Japanese markets also closed for a holiday, trading was extremely thin, and most dealers discounted the importance of the rally.

At the close, two hours before the usual finish, the dollar rose to 1.8565 Deutsche marks from 1.8445 DM on Friday, after touching a high of 1.8590 DM, while it advanced to 128.10 yen from 127.40.

The British pound slipped to \$1.7610 from \$1.7655 as the U.S. unit firmed, but sterling remained strong against other currencies, helped by high interest rates in Britain.

The dollar rose to 1.5843 Swiss francs from 1.5740 on Friday and to 6.3245 French francs from 6.2632.

Yoshiyuki Kudo of Chemical Bank said the dollar moved to the low end of Monday's trading range in the morning on a news

London Dollar Rates

Currency	Mon.	Fri.
Deutsche mark	1.8565	1.8445
Pound sterling	1.7610	1.7655
Japanese yen	128.10	127.40
Swiss franc	1.5843	1.5740
French franc	6.3245	6.2632

Source: Reuters

report quoting a Bundesbank board member, Hans Koehler, as saying that the mark's depreciation was unsatisfactory in both domestic and international terms.

However, Mr. Koehler noted that despite repeated and concerted central bank intervention to sell dollars last week, commercial and speculative accounts were still buying the currency. "It shows there is natural demand for the dollar," he said.

Looking ahead, dealers said that a sharply wider November trade gap in the United States could dim the dollar's luster. Trade figures are to be released Wednesday.

The November trade deficit is forecast at \$11.3 billion, against \$10.4 billion in October.

In London, the dollar jumped amid signs that other nations were tolerating a stronger U.S. currency, dealers said. It finished the day in London more than 2.5 pence up on its Friday close, supported by Mr. Stoltenberg's remarks Friday.

With the dollar up more than 4.5 percent against the mark since the start of the year, Mr. Stoltenberg's remark that current levels were ac-

ceptable to the Group of Seven industrialized nations buoyed the market, as did the inflow of speculative money to dollars because of relatively high U.S. interest rates.

"Stoltenberg's comments were yet another free meal ticket for dollar speculators to buy dollars," said Steve Kelleher, senior corporate adviser at Chemical Bank.

The dollar finished European trading at 1.8580 DM, sharply above Friday's 1.8300, while it jumped to 128.25 yen from 126.68. The dollar also rose to 1.5845 Swiss francs from 1.5605 and to 6.3325 French francs from 6.2525.

The pound fell to \$1.7605 from \$1.7815, but retained its buoyant tone against the mark, rising to 3.2713 DM from 3.2623. Sterling closed unchanged at 98.1 on its trade-weighted index.

Dealers said sterling's short-term trend would mainly depend on the dollar's course, with further gains against the mark seen likely if the dollar maintained its stronger tone. Continuing high British interest rates also support the pound.

News of a 0.1 percent fall in Britain's retail sales in December, following a 0.6 percent drop in November, provided further evidence that the high interest rate program of the chancellor of the Exchequer, Nigel Lawson, is having an impact on consumption, dealers said.

But most felt that interest rates and the pound would likely be maintained at high levels to curb inflationary pressures.

Gingerly, OECD Extends An Invitation to Asians

By Reginald Dale

International Herald Tribune

PARIS — The Organization for Economic Cooperation and Development, grouping the world's leading industrial nations, next week tips into a delicate consultation process that could ultimately open the club's doors to new members from Asia and Latin America.

The first informal dialogue with the so-called "newly industrializing economies" is to take place at a private seminar in Paris to be attended by participants from South Korea, Singapore, Taiwan and Hong Kong, as well as OECD representatives, on Jan. 24 and 25.

If the exploratory talks initiated by the OECD prove successful, similar discussions could follow with rapidly growing countries in Latin America, senior officials of the 24-member group of industrial countries said Monday.

The officials stressed that while the talks could in time lead to requests by some countries for OECD membership, the initial aim was simply to explore some as-yet undefined new relationship between the organization and the industrializing economies.

Next week's meeting will be politically sensitive, OECD officials said. Thailand and Malaysia have declined to participate, on the grounds that they do not consider themselves fully industrialized countries, although Thailand is expected to send an observer.

Many industrializing countries fear that too close an association with the OECD could cause them to lose developing-country privileges, such as trade preferences, granted by the richer nations. And they do not want to attend gatherings at which their trade and exchange-rate policies might be criticized.

In addition, the OECD is taking extreme care not to upset China by appearing to grant governmental status to the representatives from Taiwan. Beijing has been privately assured that the presence of Taiwanese participants does not imply any form of official recognition, OECD sources said.

Senior officials said that neither Hong Kong nor Taiwan would qualify for OECD membership as they are "entities," not countries. The Asians at the meeting will include government, academic and business representatives, will be in personal capacities.

Some rapidly growing countries, however, might find it "useful" to join the organization, perhaps in a series of progressive steps, one senior official said.

EC to Investigate U.S. Meat Charges

BRUSSELS — The European Community has agreed to investigate a U.S. complaint that meat being exported to the United States is contaminated with illegal hormones, a senior EC trade official said Monday.

The move comes during the trade dispute between the United States and the community, which is also linked to meat containing hormones. The community has banned meat produced with hormones that are legal in the United States. The United States has contended that the ban is an unfair trade barrier.

Washington on Jan. 5 sent a letter to nine EC countries warning them that their meat exports would be barred if they did not prove by Apr. 1 that their meat came up to U.S. health-inspection standards.

With Washington and Brussels engaged in tit-for-tat retaliation over an EC ban on imports of hormone-treated meat, diplomats and officials said the warning came at a delicate moment in efforts on both sides to play down the dispute.

"We want to find out what their worries are, what the truth of the situation is, and what procedure we can agree to deal with it," said the EC official, who asked not to be identified.

The U.S. letter said publicly available reports showed that the community was not effectively policing its own ban on use of hormones to boost meat production. EC farmers were widely using dangerous black-market cocktails, it alleged.

The hormones used in U.S. meat production have not been proven to be harmful.

Lester Crawford, administrator of the U.S. Agriculture Department's food safety and inspection service, sent the letter to the nine countries eligible to export meat to the United States. They are Belgium, Britain, Denmark, France, Ireland, Italy, the Netherlands, West Germany and Spain. Their exports to the United States total some \$445 million a year.

Although the letter was addressed directly to member states, the community's executive commission decided it would help channel a response, and its veterinary committee met at the end of last week to take the first steps, the official said.

Initially, Washington would be asked to show the evidence for its fears, while the community assembled its own picture of the situation, the official said.

Normally, both sides ask for information on surveillance at this time of year, he said. But the letter had assumed added significance since the community banned treated meat imports from Jan. 1 in response to consumer concern.

The United States, which says eating its treated meat is not dangerous, retaliated immediately by imposing 100 percent tariffs on an equivalent volume of trade, worth \$100 million. Brussels is pondering its next move, which could involve similar counter-retaliation.

"Health inspection as an issue is not linked to the ban," the official said, indicating concern that the demonstration between trade and veterinary issues had become blurred.

Senior trade policy makers from EC capitals on Friday explored how they might involve the General Agreement on Tariffs and Trade to find a solution to the dispute.

Although the row concerns a trivial amount of trade compared to the flow of \$166 billion-worth of goods and services between the two giants last year, both sides are worried that it could block progress on wider issues such as farm reform.

U.S. Banks Post Profit Gains

United Press International

NEW YORK — Chase Manhattan Bank and Manufacturers Hanover Corp. on Monday reported higher earnings for the fourth quarter and for the 1988 year, partially because of payment of interest on loans to Brazil.

Chase Manhattan said its consolidated net income in the fourth quarter totaled \$275 million, or \$2.93 a share, compared with net income of \$154 million, or \$1.66 a share, in the fourth quarter of 1987.

For the full year 1988, Chase reported net income of \$1.06 billion, or \$11.55 a share, compared with a net loss of \$895 million in 1987.

Fourth-quarter 1988 earnings included \$217 million after taxes of cash collections of interest payments received on medium- and long-term loans to borrowers in Brazil, of which \$35 million was applicable to the fourth quarter and \$30 million was applicable to the fourth quarter of 1987, Chase said.

It said those gains were partially offset by the placement in nonaccrual status, beginning in the third quarter of 1988, of certain medium- and long-term loans to borrowers in Argentina, which reduced fourth-quarter 1988 earnings by \$13 million after taxes.

Manufacturers Hanover reported 1988 fourth-quarter earnings of \$224 million, or \$4.28 a share, compared with \$23 million, or 18 cents a share, in the same period of 1987, when the corporation incurred a restructuring charge of \$48 million after taxes.

For the full year, Manufacturers Hanover reported net income of \$966 million, or \$18.55 a share, compared with a net loss of \$1.14 billion in 1987.

The 1987 results reflected the impact of Manufacturers Hanover's \$1.7 billion second-quarter addition to its reserves for possible loan losses. The provision for possible losses in the fourth quarter of 1988 was \$113 million, down from \$138 million in the same period last year.

For the year, the addition to loan loss reserves totaled \$502 million.

U.S. Oil Prices Reach High For 14 Months

The Associated Press

NEW YORK — Oil futures prices surged Monday to the highest levels since November 1987, pushed up by speculation that OPEC would be able to keep a cap on output.

The February contract for West Texas Intermediate, the benchmark grade of U.S. crude oil, jumped 36 cents to close at \$18.84 a barrel on the New York Mercantile Exchange.

The last time the short-term contract settled higher was on Nov. 20, 1987.

Market participants speculated that some kind of production agreement may be reached at a meeting later this month in London of members of the Organization of Petroleum Exporting Countries.

Economists Believe Fears of a West German Rate Rise are Overdone

FRANKFURT — Deutsche mark bonds have begun 1989 under a cloud, as West German interest rates look poised to rise. But some economists believe these fears are exaggerated.

"During the year we expect a trend toward lower interest rates because inflationary fears are overdone," said Ernst-Ludwig Drayes, head of bond research at Deutsche Bank AG. "And the economy is losing momentum."

Mr. Drayes said he expected 10-year federal yields to trade in a broad range between 6.375 percent to 6.75 percent, roughly in line with the current yield of 6.60 percent.

Mr. Drayes added that the Bundesbank has lately tended toward a more neutral policy, despite fears that it will choose to raise rates to support the mark on foreign currency markets.

These fears followed the Bundesbank's decision to raise its Lombard rate to 5.50 percent from 5.00 percent in December and to set a more restrictive monetary growth target of about 5 percent measured from the fourth quarter of 1988 to the fourth quarter of 1989. This follows a 3 percent-to-6 percent target range in 1987-88.

But some economists believe the Bundesbank has reduced the importance of the monetary aggregate as a policy tool, which allowed it to set a less precise target.

The Bundesbank vice president, Helmut Schlesinger, unleashed speculation over higher interest rates in an interview on Jan. 6 by suggesting that currency intervention only had a limited effect. The Bundesbank would probably not ease interest rates as the mark remained weak, Mr. Schlesinger said.

Some West German economists said they believed the Bundesbank will raise its dis-

count rate, now at 3.5 percent. A rise is more likely if the dollar remains above 1.80 DM, they said.

But others said they believed that West Germany would not raise its discount rate unless the United States did, and this now looks less likely because of the firm dollar.

"We do not believe that the Bundesbank will raise its discount rate so soon — probably not unless the U.S. does, and then it would likely be in a similar action with other European central banks," said Juergen Pfister, head of economic research at Commerzbank AG.

The Bundesbank's central bank council will be meeting on Thursday, its second meeting this year.

So far, it has kept a tight grip on call money, preventing it from rising to the 5.50 percent Lombard rate by setting a fixed rate on liquid-

ity that it regularly allocates to the money market via securities-repurchase pacts.

Some economists, including Jim O'Neill of Swiss Bank Corp. in London, said West Germany's trading partners were more willing to intervene to depress the dollar back than risk a round of competitive.

The U.S. Federal Reserve, together with other major European central banks, intervened on Friday as the dollar traded over 1.83 DM after similar action on Wednesday. This follows dollar sales by the Bundesbank alone earlier this month.

"The United States in particular," said Mr. O'Neill, "was worried that the Germans would raise interest rates."

Dieter Wermuth, chief economist at Manufacturers Hanover Bank GmbH, said short-term interest rates would rise, but longer maturity bonds should be spared negative side effects.

Monday's OTC Prices
NASDAQ prices as of 4 p.m. New York time.
This list is compiled by the U.S. Securities and Exchange Commission.
Via The Associated Press

Stock	Div	Yld	PE	High	Low	Last	Chg
IBM	3.20	5.8	12.5	125 1/4	124 3/4	125 1/4	+1/4
Microsoft	0.00	0.0	15.0	100 1/4	99 3/4	100 1/4	+1/4
Apple	0.00	0.0	18.0	80 1/4	79 3/4	80 1/4	+1/4
Oracle	0.00	0.0	20.0	60 1/4	59 3/4	60 1/4	+1/4
Sun	0.00	0.0	22.0	40 1/4	39 3/4	40 1/4	+1/4
Novell	0.00	0.0	24.0	20 1/4	19 3/4	20 1/4	+1/4
Lotus	0.00	0.0	26.0	10 1/4	9 3/4	10 1/4	+1/4
Intuit	0.00	0.0	28.0	5 1/4	4 3/4	5 1/4	+1/4
Visa	0.00	0.0	30.0	2 1/4	1 3/4	2 1/4	+1/4
MasterCard	0.00	0.0	32.0	1 1/4	1 3/4	1 1/4	+1/4

Stock	Div	Yld	PE	High	Low	Last	Chg
Amgen	0.00	0.0	15.0	100 1/4	99 3/4	100 1/4	+1/4
Boehringer	0.00	0.0	18.0	80 1/4	79 3/4	80 1/4	+1/4
Chugai	0.00	0.0	20.0	60 1/4	59 3/4	60 1/4	+1/4
Eli Lilly	0.00	0.0	22.0	40 1/4	39 3/4	40 1/4	+1/4
Glaxo	0.00	0.0	24.0	20 1/4	19 3/4	20 1/4	+1/4
Novartis	0.00	0.0	26.0	10 1/4	9 3/4	10 1/4	+1/4
Pfizer	0.00	0.0	28.0	5 1/4	4 3/4	5 1/4	+1/4
Schering	0.00	0.0	30.0	2 1/4	1 3/4	2 1/4	+1/4
Schwarz	0.00	0.0	32.0	1 1/4	1 3/4	1 1/4	+1/4

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U.K. Reports Decline Of 0.1% in Retail Sales

Reuters

LONDON — Government figures on Monday showed a drop in sales by British shops in December and economists said that was a sign that high interest rates may at last have begun to brake an inflationary spending boom.

The decline of 0.1 percent in retail sales in December contrasted with market forecasts of a 0.5 percent rise for the traditionally buoyant Christmas season. Retail sales dropped 0.6 percent in November.

Retail sales showed a 5.2 percent increase from December 1987.

Nigel Lawson, the chancellor of the Exchequer, has pushed interest rates from 7.5

SPORTS

Depth and Discipline Keep Duke on Top

By Sally Jenkins

WASHINGTON — The Duke Blue Devils are the college basketball team with everything: talent, intelligence and sensitivity, too, and it is impossible in their presence to feel anything but a blinding inferiority. They never get unseemly blemishes, they always graduate and their neat hair surely must be cut by the same barber.

It would be nice to occasionally hear something bad about them, such as they aren't really getting along, or that they don't wash their necks, but that never will happen. Duke has become the model, the place where great ideas and great basketball are not mutually exclusive, and moreover the Blue Devils are ranked No. 1 in the country and carrying it with apparent ease.

"The attitude is, 'Why not us?'" forward John Smith said. "Why not is right, with a simple punishing man-on-man defense and a disciplined motion offense, but most importantly a great class of leadership fostered by Coach Mike Krzyzewski, who has 'interlocking' dinners at his house and says earnest things like, 'Hey, let's talk.'"

More and more it has come to the attention of the nation's youth that if they possess some dexterity combined with an alert mind, Duke is the choicest, most prestigious place to be right now. The Blue Devils have been to the National Collegiate Athletic Association Final Four championships in two of the last three years, made five straight NCAA tournament appearances, and of the 42 scholarship players who have passed through the campus portals since 1975, every last one has gotten a degree.

The 13-0 team is made up of

seven former McDonald's prep all-Americans, and four former members of the high school National Honor Society. So maybe Duke players look and act impeccably alike, and sometimes make their rich, shade of school-color blue seem drab. But their current senior class is one of the most successful in school history and is seeking the national championship that has just barely eluded their recent predecessors.

Point guard Quinn Snyder is their morale leader, third all time for the Blue Devils in career assists while dropping words like "cognizant" with aplomb. All-America Danny Ferry is a doe-eyed, heavy-lipped diplomat who leads the team in scoring with 22.8 points a game, but also is second in assists with 6.2. Smith is a selfless sixth man who averages 9.8 points, while dealing with the taxing double major of economics and political science.

"People don't necessarily get intimidated by Duke," Snyder said. "Coach says if we intimidate, we do it by togetherness. There's not a lot to look at on the outside maybe, but there are a lot of subtle things inside."

Those subtleties primarily consist of chemistry, and a role-playing ability that gives the Blue Devils something beyond mere depth. That four starters average in double figures is perhaps one of their less important attributes; it is merely a factor to be combined with a chameleon-like 13-man roster that includes six players who are 6-foot-9 (2.06 meters) or better. At their core are the seniors Ferry, Snyder and Smith, who have amassed a record of 101-17 in their three-plus years.

How Duke continues to develop this season and whether it holds the

top ranking depends in large part on how well the Blue Devils replace Billy King, who was the defensive player of the year, and Kevin Strickland, who scored 16.5 points a game. Thus far they have taken up the slack with a unified effort.

Ferry has been a devastating scorer against Miami on Dec. 10 he scored an ACC-record 58 points, and followed that with 33 against Wake Forest. But his assists are as dangerous as his points, with seven against the Hurricanes to go with six rebounds.

Christian Laettner has been a 6-foot-10 ingenious sensation, contributing 8.9 points a game. Center Alaa Abdelnaby adds 12.1 points, while the 6-5 Robert Brickey, who jumped at center last season, is now a perimeter player, averaging 10.6 points and five rebounds. Defensively, they are their usual hectoring selves: Over the last two years they have forced an average of 19.7 turnovers a game, and opponents have shot a collective 46 percent.

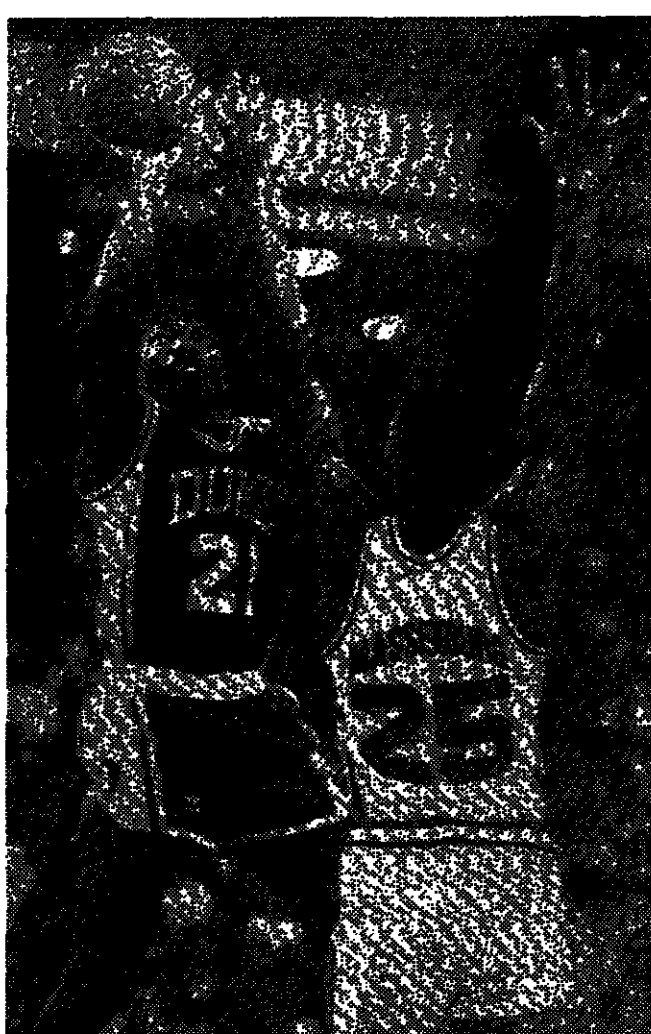
"They've got everything going right now," said Virginia's assistant coach, Dave Odom. "They operate on some kind of wavelength."

The wavelength emanates from Krzyzewski, who has developed a careful method for blending his teams. He feels that travel builds closeness and confidence in each other, so they took a three-week tour of Spain and Greece last summer, playing Olympic-bound national squads, including Yugoslavia and the gold-medal Soviet team.

He has the Blue Devils over for regular dinners, using the NFL playoffs or idle weekends as excuses. "You communicate," he said. "There are no airs about anyone here. We talk. It's amazing how much that helps. You have fun with them, you get on them, and they're not afraid to say what's on their mind."

One quality the Blue Devils regularly display, and which seems to be present in this version, is an unshakable confidence. It is usual to see opponents slowly drained of their composure as Duke is able to find the big play when needed, usually from Ferry.

That, too, comes from Krzyzewski, who is now recognized as a superior floor coach, with a knack for the proper timeout and a sure foresight that comes from preparation. For instance, Krzyzewski felt the Blue Devils had done poorly in the NCAA on occasions when they traveled far from home. So he scheduled a game in the state of



Forward Robert Brickey is averaging 10.5 points a game.

Washington last week, with the idea that the Blue Devils may well be in Seattle for the Final Four.

ously," Smith said. "He reminds you it's a game and it's supposed to be fun."

That can be difficult, considering the pressure to graduate and not spoil their 100 percent record. And they are not without problems in accomplishing it. "It's become a driving force," Smith said. Under Duke's guidelines, failure of two courses in a semester results in suspension from the university for two semesters. Junior guard Phil Henderson missed most of his freshman season when he could not keep up and was academically dismissed.

But he regained his eligibility as a sophomore and has had no problems since, balancing his economics major with an average of 10.5 points per game.

Old Figures Fade Away In Skating

The Associated Press

BIRMINGHAM, England — The skaters don't like them. The public does not support them. Now, the lawmakers have changed them.

Compulsory figures, the basis of every major championship since the turn of the century but criticized for decades, are gradually being phased out of competitive figure skating — starting this week in Birmingham.

When the European championships got under way Monday, compulsory figures were reduced from three to two as the sport's rulers acknowledged the virtues of flair and style over the technical ability to skate a pre-set routine.

"It's got to be beneficial to the good free skater," said Courtney Jones, chairman of the European championships organizing committee. "And it's more attractive to the general public."

The new ruling, adopted by the International Skating Union's Congress last June, is the first step in a gradual phasing out of the figures. By July 1990, compulsories, rarely highlighted on television, will be eliminated.

To balance the scoring as a result of the change in Birmingham, compulsories now count for only 20 percent of the total mark, a reduction of one third.

Favored to win the figures when they got under way was Alexander Fadeev, 25, of the Soviet Union, who was aiming for his fourth overall European men's title in nine years.

The Soviet skater was making his first appearance on the ice since last year's world championships in Budapest when, after winning the figures, he withdrew with a groin injury.

On Monday, Richard Zander, an American-born West German who almost quit last year because of a bad back injury, upset Fadeev to win the men's compulsories.

SIDELINES

NCAA Rule Instigator Reconsidering

WASHINGTON (WP) — Harvey Schiller, who as Southeastern Conference commissioner lobbied heavily at last week's NCAA convention for passage of the now-maligned Proposal 42 tightening eligibility standards for college athletes, said Sunday he is open to more discussion and possibly changing the rule before it is implemented for the 1990-91 school year.

"I think one of the reasons for asking that it be delayed (until 1990-91) was that there may be some re-consideration" at the January 1990 convention, Schiller said. "Now that there is debate, it is demonstrating a need to make sure the legislation is more sensitive and understanding. We are in a position to create opportunities, not diminish them."

Asked if he personally was considering a change of mind, Schiller said, "If we are denying opportunities with this piece of legislation, then I'm against it."

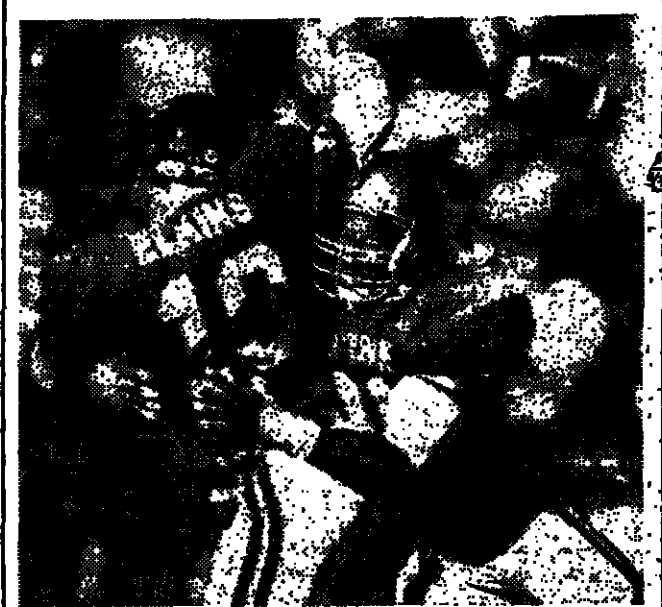
Wednesday, on the final day of its annual convention in San Francisco, the NCAA Division I members voted, 163-154, in favor of Proposal 42, which prohibits giving athletic scholarships to freshmen student athletes who fail to meet certain test score levels. Coach John Thompson of Georgetown is leading the criticism of coaches who believe the rule change unfairly limits black athletes because, they say, the tests are culturally biased.

West Is Routed in the Japan Bowl

YOKOHAMA, Japan (AP) — Robert Drummond of Syracuse scored two touchdowns and Pete Stoyanovich of Indiana added three field goals as the East coasted the West 30-7 on Monday in the Japan Bowl.

Drummond scored on runs of 41 yards and one yard and Duke's Anthony Dilweg passed 10 yards to Anthony Brown of West Virginia for the East's other touchdown in the annual U.S. college football all-star game. Stoyanovich added field goals of 49, 30 and 22 yards.

All-American Derrick Thomas of Alabama and Jeff Roth of Florida led the East defense, which came up with three interceptions and several key sacks to keep the West off the scoreboard after its first possession.



SHRINE GAME — East quarterback Mike Elkins of Wake Forest is taken for a ride by West linebacker Cornell Lake of UCLA in the East-West Shrine Game Sunday in Stamford, California. The East won the college all-star contest, 24-6.

Virginia Beats UNC, 106-83

Compiled by Our Staff From Dispatches

CHARLOTTESVILLE, Virginia — Richard Morgan scored a career-high 39 points and Virginia pulled away from North Carolina in the final six minutes Sunday to rout the Tar Heels 106-83. The loss dropped UNC from No. 8 in The Associated Press writers' poll to No. 13.

Morgan, a guard, connected on 13 of 25 shots, including 8 of 14 from 3-point range. North Carolina was led by Jeff Lebo with 26 points and J.R. Reid with 21. Lebo was taken to the hospital with a sprained ankle.

In other games Sunday involving teams ranked in the Top-20, Tony Dawson scored 30 points and George McClellan added 29 as 14th-ranked Florida State defeated No. 17 Tennessee, 101-90, in Tallahassee, Florida.

Florida State opened a 50-28 lead late in the first half and fought off several Tennessee spurts in the second half. The Volunteers closed to within 66-61 with 12:14 left in the game on Dyron Nix's 3-point shot, but were never able to get any closer.

CHESS

By Robert Byrne

BENT Larsen made it clear that he is not ready to concede his pre-eminent place in Danish chess. In a television exhibition match in Odense in October, Larsen defeated the new star Carsten Hansen, 3½-2½.

Hansen, 24 years old and the only grandmaster in Denmark's history, presents — and will go on presenting — the 53-year-old Larsen with his most serious challenge on native soil.

Larsen's play in Game 3 was sprightly and original, although marred by a double blunder.

The simplification with 5...Nc4 6 Nc4 Be4 is an attempt to limit White's aggression in the Petrovian Variation of the Queen's Indian Defense, but after 7 Nd2 Bb7 8 e4 Qf6 9 d5, Black must play sharply to get active play for his minor pieces, especially the QB.

White's advantage in space was obvious after 14...Qe7, yet all of the black pieces were developed and he threatened to win a pawn with 15...Bc3. Hansen chose to give it up with 15 Qc2, but then Larsen found a better way to win material than 15...Bc3 — his 15...d6 of Nc5! did not allow 17 f3 Bd5! 18 b4 in view of the clever 18...ab 19 ab Ne6! 20 ed Qb4! 21 h3 (or 21 g3 Bc3! 22 hg Qg3 23 Kh1 N4) N4 22 Ne4 Re4! 23 fe Nh3! 24 Kh1 N2 25 Kgl Bh2mate.

Hansen softened up the black kingside with 17 Qc3 f6 18 Bh5 g6 19 Bf3, but after 19...Bd6, he could not play 20 Rf4! without losing a pawn to 20...Bd3 21 Ral

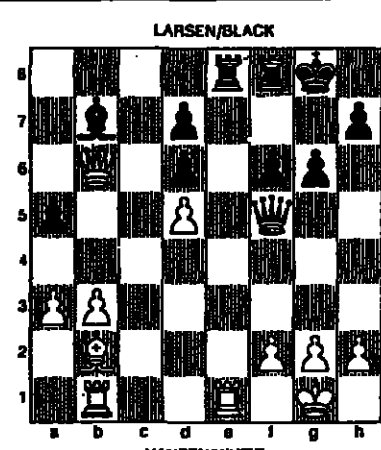
Be4. Moreover, 20 Rf1? Nd3 21 Re1 Be5 was no better. Accordingly, he gave up a pawn by 20 Nc4 Ne4 21 Be4 Qe4, hoping to make something out of the broken black pawns after 22 Nd6 cd.

But after 25 Qb6, Larsen began a tricky attack with 25...Re2!, relying on the fact that 26 Re2? was impossible because of 26...Qb1 followed by mate. It would have done no good for Hansen to play 26 Be3? because of 25...Qd5 26 f3 Rg2! 27 Kgl Qf3, winning outright.

Against Hansen's 26 Qd4, Larsen's 26...Rf8 stepped up the pressure — and Hansen blundered; instead of defending by 27 Bc3, he played 27 Rf1!. But Larsen also blundered in overlooking that he could have ended the game at once with 27...Qb1! 28 Rb1 Re1, forcing mate.

After 27...Kf7, Hansen should still have played 28 Bc3, although 28...Bd5 leaves him with nothing but trouble. However, he ended with 28 Rb1d1, which allowed 28...Rf8 29 Qc3 (29 Qb6 Bd5 30 Qd5 Bb3 31 Qf5 of 32 Rb1 Be2 wins the exchange) R4! 30 f3 Re2! 31 Qc3 Rb2, winning a piece because 32 g3 is met by 32...Qc2!

Just when it seemed as though White had counterplay, Larsen landed a smashing blow with 36...Rg2!, the point being that 37 Kgl Rg4! 38 Kf2 Qf3 Kgl 39 Qc3 forces mate. White's 37 Kh1 was an attempt to squirm out, but 37...Rh2! put an end to that. On 38 Rk2 (38 Kh2 Qe2 39 Kgl Qd1 40 Kh2 Qe2 41 Kgl Rg4! is no better) Bc3 39 Rg2 Bg2 40 Kgl Qe4, White will be mated. Hansen gave up.



QUEEN'S INDIAN DEFENSE

White	Black	White	Black
1 d4	Nf6	20 Nc4	Nc4
2 c4	e6	21 Bc4	Qc4
3 Nf3	Nd7	22 Nd6	Nd6
4 e3	Bb7	23 Rf1	Qf5
5 Nc3	Nc4	24 Qd4	Bb7
6 Bc4	Bc5	25 Qb6	Re2
7 Nc2	Bd7	26 Rg2	Qf3
8 e4	Qf6	27 Rf1	Kf7
9 Bb3	Nd5	28 Bc3	Rf8
10 Bb1	Bd8	29 Qc3	Rb2
11 Rb1	O-O	30 f3	Re2
12 O-O	O-O	31 Qc3	Rb2
13 Nc3	Rc8	32 g3	Qc2
14 Bb2	Qc7	33 Qc3	Bd5
15 Qc2	ed	34 Rk2	Kh6
16 Bc3	Nc5	35 Qf5	Kh5
17 Qc3	f6	36 Rg2	Rg2
18 Bh5	g6	37 Kh1	Rh2
19 Bf3	Bd6	38 Resigns	

BOOKS

HONG KONG

By Jan Morris. Illustrated. 359 pages. \$19.95. Random House, 201 East 50th Street, New York, N. Y. 10022.

Reviewed by Michiko Kakutani

TO Jan Morris, the small granite island known to the British as Hong Kong is a "bitter, brilliant, grasping place," a volatile city of refugees and entrepreneurs where "only the temporary is permanent."

"Nothing is rooted," she writes. "Everyone is trying to move on — to bigger apartments, to better-paid jobs, to classier districts, often enough out of the territory altogether. The national flower of Hong Kong is the banyan, a sterile hybrid that produces no seed."

As such descriptions indicate, Morris is an overwhelming fan of Hong Kong, and as her book progresses, the negatives swiftly pile up, leaving the reader with the impression that the city tends to combine the worst of the East and the West.

We're reminded that the city was nurtured by the opium trade, that as a 19th-century garrison town it was a "smuggling center, a haunt of pirates and racketeers," prostitutes, gamblers and confidence men.

Set up as a clearinghouse for Indian and European goods on their way to China, Hong Kong soon became a business center for legitimate and clandestine transactions, and as Morris notes, it developed its own distinctive brand of opportunism.

Everywhere in the city today there are vast new shopping complexes, sweeping expressways, increasingly expensive apartments, hotels and offices. Shiny skyscrapers have replaced the Victorian and Edwardian buildings left by colonialists, and in some areas the city, Morris reports, "seems to have been taken over by regiments of young brokers, insurers and, in particular, merchant bankers."

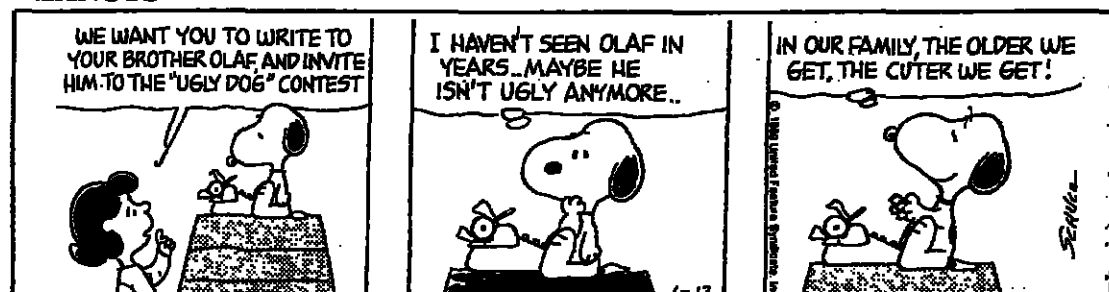
Because Morris seems appalled by so much of what Hong Kong represents, the descriptive chapters in this volume lack the richness and sensitivity that characterized her earlier studies of Venice, Oxford and New York.

When it comes to examining Hong Kong's anomalous history, however, Morris is considerably more successful, showing us just how the city has been buffeted by a succession of world-shattering events, including World War II, the Chinese revolution, and the rise and collapse of European colonialism.

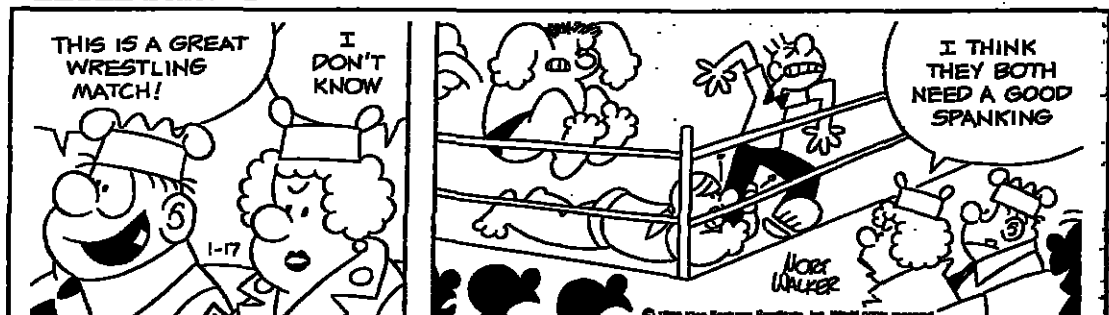
"It was said of it long ago," she writes, "that by its acquisition the Victorians had cut a notch in the body of China, as a woodman cuts a notch in a great oak he is presently going to fell. But the oak has never fallen, and actually Hong Kong no longer feels an alien mark upon the coast of China: it has been notched there too long, it is too Chinese itself, its affairs have been too inextricably linked with those of China, and its return to the great presence, however ominous or bewildering the circumstances, seems only natural."

Michiko Kakutani is on the staff of The New York Times.

PEANUTS



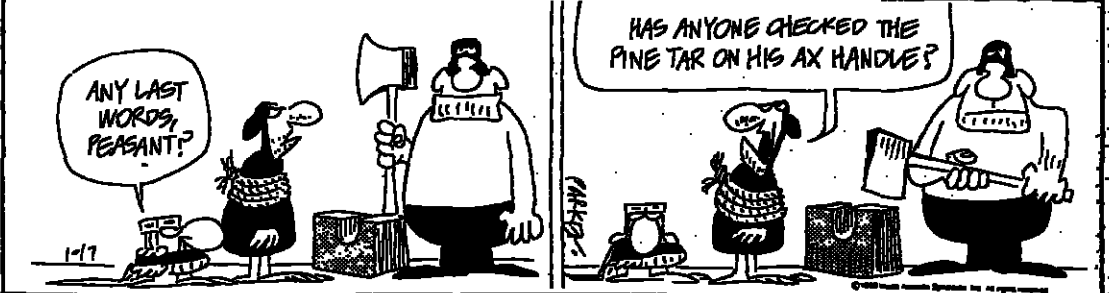
BEETLE BAILEY



ANDY CAPP



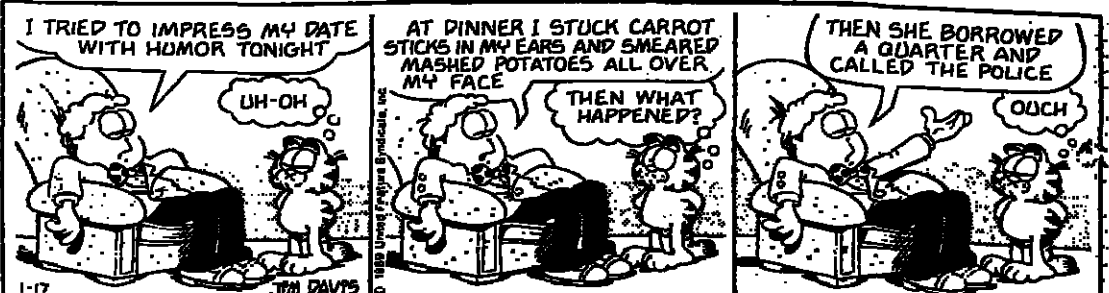
WIZARD of ID



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JUMBLE THAT SCRAMBLED WORD GAME by Heret Arnold and Bob Lee

Unscramble these four Jumbles, one letter to each square, to form four ordinary words.

PHRAC
TELOX
HIWALE
MELING

Now arrange the checked letters to form the surprise answer, as suggested by the above cartoon.

Answer: "ON THE" (Answers tomorrow)

Yesterday's Jumbles: SOUND DUCAT CYMBAL PREFER
Answer: Another thing you can't take with you — YOUR LAP

Gray, Inc. Ltd.

SPORTS

Jones 2 for 2
In 2 Weeks
Of PGA TourBy Gordon S. White Jr.
New York Times Service

PALM DESERT, California — Steve Jones, given a reprieve when Paul Azinger bogeyed the final hole, sank a 4-foot birdie putt on the first playoff hole Sunday to win the 30th annual Bob Hope Classic and remain the only winner on the 1989 PGA Tour.

Jones' victory in a three-way playoff against Azinger and Sandy Lyle came a week after he won the Tournament of Champions at La Costa Country Club in Carlsbad, California.

The 30-year-old Jones chipped into the hole at the par-3 17th of regulation play for a birdie and then parred the final hole despite a poor drive.

That chip shot plus the bogey by Azinger brought Jones even with Lyle, who had led by two shots after 16 holes.

Jones hit his second shot at the first playoff hole, the par-4 14th, to within four feet of the cup as Azinger knocked his approach past the cup and two-putted for par.

Lyle hit far to the right with his second shot, had to chip to the green and was out of the running.

By taking the first two tournaments on the PGA Tour, Jones has already made \$315,000, ringing up \$180,000 Sunday by taking top prize in the first \$1 million tournament of the year. There will be 21 more tournaments with purses of \$1 million or more.

Jones, Azinger and Lyle finished deadlocked with 17-under-par scores of 343 for 90 holes. Each of them shot a final round of three-under-par 69 on the Borsani Dunes course to force the playoff.

Jones is the first golfer in six years to win the first two events of the year. Gil Morgan started the 1983 campaign by taking the Tucson Open and the Los Angeles Open, the first two tournaments that year.

As an indication of how rapidly purses have grown and how they have increased, Morgan won a total of \$306,133 in all of 1983, while Jones has already won \$8,867 more than that in just two weeks.

Azinger seemed to have an easy chance to win at the final hole, a par 5. But he bladed a simple wedge shot, which hardly got off the ground and skipped across the 18th green onto the back fringe 30 feet (9 meters) from the hole.

Mark Calcavecchia, who led after four rounds of this five-day tournament, was still in front when he got to the par-5 13th hole.

But he pushed his drive out of bounds to the right of the fairway. Having to hit another drive, Calcavecchia bogeyed the hole and lost lead.

Calcavecchia finished in a four-way tie for fourth with Lanny Wadkins, Fred Couples and Kenny Knox at 16-under 344 for 90 holes. (See Scoreboard)

Betsy King Wins

Betsy King carded a 1-under-par 70 Sunday to win the \$500,000 Jamaica Classic by six shots over Nancy Lopez, United Press International reported from Sandy Bay, Jamaica.

King earned \$75,000 for her third day total of 202 on the 6,191-yard Tyrrell Golf and Beach Club. Lopez, who trailed King by seven shots entering the final round, shot a 69. Lori Garber and Maria Neme tied for third at 210 in the first LPGA tournament of the year.



A birdie on the 17th of the Bob Hope Classic propelled Steve Jones into a yell and a playoff.

Super Bowl Fever: '82 Outbreak Is Alive

The Associated Press

MIAMI — It was Super Bowl XVI in Pontiac, Michigan, on Jan. 24, 1982, that first matched the San Francisco 49ers and the Cincinnati Bengals, the same teams that will line up Sunday in Super Bowl XXIII in Miami.

Somehow, it's not one to stir your memory. Even the pregame hype was subdued.

Neither San Francisco nor Cincinnati were football powers exactly. Until that season, the 49ers had not had a winning season in five years, the Bengals in four, and though each posted the best record in its conference, neither was expected to make it to the Super Bowl.

Neither did Pontiac, a frozen suburb of Detroit, seem fit the image of Super Bowl cities. In fact, a big attraction there was a full-size replica of a landmark from a more familiar setting: New Orleans' Bourbon Street.

Nevertheless, the game would be a milepost in Super Bowl history.

The 49ers' 26-21 victory ended American Conference domination that had accounted for 12 of the 13 previous NFL championships. Only the Los Angeles Raiders since then have brought the Super Bowl's Vince Lombardi Trophy back to an AFC home. (See Scoreboard)

The game gave rise to Joe Montana as one of the best quarterbacks in NFL history, stamped Bill Walsh as one of the best coaches ever and began the 49ers' climb to Team of the Decade.

It also was a darned good game.

It featured an epic goal-line stand in which the 49ers stopped the Bengals three times from one yard out, twice with only 10 players when the defense got its signals crossed because of noise in the Silverdome.

It saw the Bengals rally from a 20-0 halftime deficit, then a Super Bowl record, and outgain the 49ers, 356 yards to 275.

It saw the Bengals get inside the San Francisco 10 six times to come away with only three touchdowns.

The 49ers built their halftime lead as Montana, three years out of Notre Dame, engineered two long touchdown drives. He ran one yard for the first touchdown, capping an 11-play, 68-yard drive, and hit fullback Earl Co-

per with an 11-yard pass to complete a 12-play, 92-yard drive. Ray Werschling added 22- and 26-yard field goals.

The Bengals rebounded in the second half, closing to 20-14 on Ken Anderson's 5-yard run and a 4-yard Anderson-to-Dan Ross pass.

Werschling kicked two more field goals early in the fourth quarter, from 40 and 23 yards, to increase the 49ers' lead to 26-14, and the Bengals added one last score on an Anderson-to-Ross 3-yarder with 16 seconds left.

The margin was the fourth-closest in Super Bowl history — the closest if you don't count

One record from 1982 may never be broken. The CBS Super Bowl telecast drew the highest rating for any televised sports event in the United States.

The Dallas Cowboys, who lost by four points twice to the Pittsburgh Steelers and three points to the Baltimore Colts.

In six Super Bowls since, the average score has been 38-12, the closest being Washington's 27-17 victory over Miami in 1983.

Anderson was a star in defeat, setting records at the time for completions with 25 and completion percentage with 73.5 on 25 of 34. He finished with 300 yards, two touchdowns and two interceptions.

Three individual records still stand. No one has matched Ross' 11 catches, and his two TD receptions are, like Werschling's four field goals, good for a share of the record.

And one record may never be broken. The CBS telecast drew the highest rating for any televised sports event, 49.1 and a 75.0 share, with a record 110.2 million viewers — better than double what NBC averaged for the 1988 Summer Olympics.

Neither the Bengals nor the 49ers thought

they were having a once-in-a-lifetime experience, though for many it was.

Montana, voted MVP for his 14-of-22, 157-yard performance, was asked what he could do for an encore.

"Hopefully, come back here a few more times," he replied.

He did in 1985, when the 49ers beat the Dolphins, and Montana again won MVP honors. Now he has a chance to become only the second quarterback to win three Super Bowls, joining four-time winner Terry Bradshaw of Pittsburgh.

The Bengals weren't so fortunate, making the playoffs only once while suffering through losing seasons four of the next six years.

"After we lost to the 49ers in that Super Bowl, we thought there was no doubt we'd be back in that game again," Anderson, now a sportscaster for Cincinnati's WKRC, recalled. "A lot of us are gone from that team and didn't get another chance."

In fact, only six players from the 1982 Super Bowl are still with the Bengals: wide receiver Cris Collinsworth, offensive tackle Anthony Muner, kicker Kim Breech, linebacker Reggie Williams, guard Max Montoya and backup quarterback Turk Schonert.

Montana is one of seven 49ers who were on the 1982 Super Bowl roster.

Sam Wyche was quarterback and passing game coach for the 49ers in 1982. Now he is head coach of the Bengals, a former Walsh student now challenging his old teacher, the man who pulled him from the obscurity of a successful sports goods business in Greenville, South Carolina, in 1979.

Walsh cheered Wyche even after the Bengals went 4-11 last season, and Wyche was widely criticized for taking too many chances.

"I knew you were going to do it," Walsh said on a joint television hookup after the 49ers had beaten the Chicago Bears 28-3 for the NFC championship last week. "I knew you were going to bring that team back and you did. So congratulations."

Wilander Struggles to Five-Set Victory

Graf Waltzes Through First Round
But the French Have a Terrible DayBy Thomas Bonk
Los Angeles Times Service

MELBOURNE — Mats Wilander is the No. 1 player in the world. Tobias Svantesson is ranked as the 100th best player.

Even so, Svantesson pushed Wilander to five grueling sets in their 3-hour 10-minute, first-round match Monday at the Australian Open.

How in the world did he do it? "I have no idea," Svantesson said.

On second thought, he came up with one. "Mats, he hardly ever

uses any unforced errors," Svantesson said. "I make millions."

Wilander got away with a 6-3, 2-6, 7-5, 5-7, 6-3 victory over Svantesson, a transplanted Swede who played at Oklahoma State and at Flagler College in Florida. (See Scoreboard)

Wilander, a Swede who lives in Greenwich, Connecticut, said that this is something he will probably have to get used to.

"When I was ranked 10 or 15, it was always special to play the No. 1 player," Wilander said. "Then to beat the No. 1 player, well . . ."

[Stefi Graf, in her first-round match, overpowered Kerry-Anne Guse of Australia 6-2, 6-1. The Associated Press reported from Melbourne.]

[Graf, a Grand Slam and Olympic gold medal winner last season, took just 43 minutes to defeat Guse.

She was so nervous it was hard for me to get into the game," Graf said. "She played short. I could not get into my rhythm."

[Guse, 16, playing in her second senior tournament, began promisingly but was worn down eventually by Graf's power.

"Actually, I thought she'd be a lot better than she was. I didn't think I'd win a game," Guse said. "But she probably wasn't even trying."

Svantesson had his chance to pull a big upset but said that he tired mentally.

"I think he got fatigued in the fourth set and in the fifth, I think he got nervous," said Wilander, who feels that his No. 1 ranking matches his place on the most-wanted list this year.

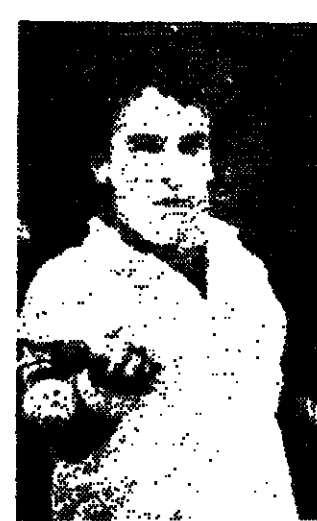
"I have to look at that as a challenge," Wilander said. "The thing is, you need to put a bit of pressure on yourself because if there's going to be any pressure, I'd rather be the one applying it."

In other matches, it was a tough day for France's top three players. Jan Gunnarsson of Sweden defeated Henri Leconte, the No. 6 seed in straight sets, 6-4, 6-3, 6-2.

"I've beaten top-10 caliber players before, but you can count them on one hand," Gunnarsson said.

After Leconte, Guy Forget lost to Mark Kratzmann of Australia, 6-3, 5-7, 7-6, 6-2, and Thierry Tulasne lost the first two sets to Heiner Moring of West Germany, then got sick and left the court.

Immediately after the Leconte



Safe: No. 1 Mats Wilander



In: Unseeded Jan Gunnarsson.

After his match Leconte listed the problems he had on the surface at Court 2.

"I had no conditioning, no feeling, no concentration," he said. "I'm not fit, I don't like the way I am now, I don't like the way I play."

Leconte said that his feet got too hot on the court, and he lost feeling in them. As the sun shone brightly, Leconte said that the heat made the court get softer.

The tournament began under sunny skies and temperatures climbed into the 90s. Play on the outside courts was halted by rain late in the afternoon, but evening competition continued on Center Court under the huge retractable roof.

Eight demonstrators representing the Australian Anti-Apartheid Movement disrupted the start of a match between Cyril Suk of Czechoslovakia and Neal Broad of South Africa.

The protesters unfurled banners and shouted anti-apartheid slogans as they walked onto Court 11. They were escorted off the National Tennis Center grounds. The match was delayed for five minutes.

SCOREBOARD

HOCKEY

NHL Standings

W	L	T	Pts	GF	GA
Washington	24	16	7	102	126
Pittsburgh	22	15	4	94	108
NY Rangers	22	13	7	103	100
Philadelphia	24	21	2	106	163
New York	22	21	7	101	163
NY Islanders	22	21	7	101	163

W	L	T	Pts	GF	GA
Montreal	31	11	6	189	137
St. Louis	28	18	10	192	145
Buffalo	19	21	5	139	182
Hartford	17	22	3	131	182
Calgary	13	27	6	124	208

W	L	T	Pts	GF	GA
Detroit	27	12	1	170	120
St. Louis	15	21	7	147	197
Los Angeles	14	22	8	144	163
San Jose	15	27	3	138	190
Chicago	12	27	6	145	200

W	L	T	Pts	GF	GA
Calgary	28	17	7	189	137
Los Angeles	28	18	4	195	144
San Jose	28	18	4	195	144
Washington	16	17	9	144	178
Vancouver	17	23	4	166	204

W	L	T	Pts	GF	GA
Pittsburgh	1	3	0	4	1
NY Islanders	1	3	0	4	1
Los Angeles	1	3	0	4	1
San Jose	1	3	0	4	1
Washington	1	3	0	4	1

W	L	T	Pts	GF	GA
Washington	1	3	0	4	1
NY Islanders	1	3	0	4	1
Los Angeles	1	3	0	4	1
San Jose	1	3	0	4	1
Washington	1	3	0	4	1

W	L	T	Pts	GF	GA
Washington	1	3	0	4	1
NY Islanders	1	3	0	4	1
Los Angeles	1	3	0	4	1
San Jose	1	3	0	4	1
Washington	1	3	0	4	1

W	L	T	Pts	GF	GA
Washington	1	3	0	4	1
NY Islanders	1	3	0	4	1
Los Angeles	1	3	0	4	1
San Jose	1	3	0	4	1
Washington	1	3	0	4	1

BASKETBALL

NBA Standings

W	L	Pts	GB
New York	24	11	0
Philadelphia	21	15	3
Boston	14	21	10
New Jersey	14	21	10
San Antonio	11	24	13
Charlotte	9	26	15

W	L	Pts	GB
Cleveland	26	7	0
Detroit	22	11	4
Portland	21	12	5
Atlanta	21	14	6
Chicago	20	14	6
Indiana	4	31	19

W	L	Pts	GB
Houston	22	12	0
Utah	21	13	1
Dallas	18	16	4
San Antonio	10	24	12
Miami	4	31	18

W	L	Pts	GB
LA Lakers	21	12	0
Phoenix	20	13	1
Portland	20	13	1
Golden State	14	19	7
Sacramento	9	28	12
LA Clippers	8	28	13

W	L	Pts	GB
Philadelphia	37	31	0
Charlotte	34	37	3
Portland	31	40	6
San Antonio	28	43	9
San Jose	25	46	12
San Francisco	22	49	15

W	L	Pts	GB
Philadelphia	37	31	0
Charlotte	34	37	3
Portland	31	40	6
San Antonio	28	43	9
San Jose	25	46	12
San Francisco	22	49	15

W	L	Pts	GB
Philadelphia	37	31	0
Charlotte	34	37	3
Portland	31	40	6
San Antonio	28	43	9
San Jose	25	46	12
San Francisco	22	49	15

W	L	Pts	GB
Philadelphia	37	31	0
Charlotte	34	37	3
Portland	31	40	6
San Antonio	28	43	9
San Jose	25	46	12
San Francisco	22	49	15

TENNIS

Australian Open

W	L	Pts	GB
San Jose	25	46	12
San Francisco	22	49	15
Philadelphia	37	31	0
Charlotte	34	37	3
Portland	31	40	6
San Antonio	28	43	9

W	L	Pts	GB
San Jose	25	46	12
San Francisco	22	49	15
Philadelphia	37	31	0
Charlotte	34	37	3
Portland	31	40	6
San Antonio	28	43	9

W	L	Pts	GB
San Jose	25	46	12
San Francisco	22	49	15
Philadelphia	37	31	0
Charlotte	34	37	3
Portland	31	40	6
San Antonio	28	43	9

W	L	Pts	GB
San Jose	25	46	12
San Francisco	22	49	15
Philadelphia	37	31	0
Charlotte	34	37	3
Portland	31	40	6
San Antonio	28	43	9

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